Austria Sch. 20	Indonesia Rp 2500	Portugal Esc 90
Bahrain Din 0.650	Italy L 1500	S. Arabia Rls 6.00
Belgium BFr 45	Japan Y550	Singapore S$ 4.10
Canada C$1.00	Jordan Fils 500	Spain Pta 125
Cyprus C£0.70	Kuwait Fils 500	Sri Lanka Rup 30
Denmark Dkr 8.00	Lebanon L£ 8.00	Sweden Skr 7.00
Egypt E£1.00	Luxembourg LFr 45	Switzerland SFr 2.20
Finland Fmk 6.50	Malaysia Rm 4.25	Taiwan NT $65
France FFr 6.00	Mexico Pes. 300	Tunisia Din 0.800
Germany DM 2.20	Morocco Dh 6.00	Turkey L 250
Greece Dr 80	Netherlands Fl 2.75	U.A.E. Dh 6.50
Hong Kong HK$ 12	Norway Nkr 7.00	U.S.A. $1.00
India Rup 15	Philippines Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,894 — Thursday April 3 1986 — D 8523 B

Volcker fends off political challenge, Page 6

TWA airliner lands in Athens after bomb blast kills four

AN EXPLOSION on board a Trans World Airlines Boeing 727 airliner over Greece, believed to have been caused by a bomb, killed four people – one an American – and injured at least nine others yesterday, **Our Foreign Staff writes.**

The explosion occurred as the airliner, which was flying from Rome to Athens with 111 passengers and six crew, was over the western Greek city of Corinth and was already beginning its descent to Athens.

Although the blast blew a huge hole in the fuselage, the pilot managed to land the aircraft and none of the injured appeared to be seriously hurt, a TWA spokesman said.

The bodies of three of the four dead – all of whom were sucked out of the aircraft as it depressurised – were later found near the town of Argos, 30 miles south of Corinth.

TWA said the fact that the blast had occurred at a height of barely 15,000 feet (about 5,000 metres) had limited decompression, which could have made the handling of an aircraft very difficult after a mid-air explosion.

Officials in Athens said that the explosion took place in the aircraft's cargo compartment as the result of "the detonation of an explosive device." The aircraft was carrying 426 kg of freight as well as the passengers' luggage.

Rome's Fiumicino airport, where 17 people were shot by terrorists on December 27 last year, was yesterday the scene of a major investigation into the explosion.

Officials said that about 10 of the aircraft's passengers boarded the aircraft in Rome. The others transferred from a TWA Boeing 747 flight which had arrived earlier in the day from New York.

All the passengers passed through metal detectors in Rome, but only the hold baggage from Rome was X-rayed, the officials said. The other baggage should have been checked in New York.

Security at Fiumicino was stepped up after the December attack, which was carried out by terrorists professing to be supporters of Abu Nidal, the extremist Palestinian leader.

Last week precautions around the airport and other possible guerrilla objectives in Rome were further tightened following the US-Libyan clashes in the Gulf of Sirte, because of fears of revenge attacks against American targets.

If the bomb on the TWA aircraft is found to have been put on board in Rome, it would greatly embarrass the Italian authorities after all the extra precautions they have taken. But it would also justify Italian Government warnings to the US that last week's American military action against Libya was bound to lead to an increase in terrorist activity.

According to reports from Washington yesterday the Reagan Administration is about to reject a proposal by Col Muammer Gadaffi, the Libyan leader, to open a diplomatic dialogue with Washington via third parties.

Col Gadaffi's proposal was said to be in the form of a message which would be handed over to Mr George Bush, the US Vice-President, when he arrived in Saudi Arabia at the end of the week.

However, several hours after yesterday's explosion, which occurred shortly after 2pm local Greek time, there were no indications of who was responsible for placing the explosive device on the aircraft and officials were careful to avoid all speculation.

World news

'Punitive' sanctions demand by Tutu

Bishop Desmond Tutu, Anglican Bishop of Johannesburg and Nobel Peace Prize winner, courted possible arrest by openly calling for "punitive" sanctions by the international community against the South African Government.

As he spoke word came through that Winnie Mandela, wife of jailed nationalist leader Nelson Mandela, had been released from the banning order under which she lived, with short interruptions, since 1962.

At a Press conference in a Johannesburg church, Bishop Tutu recalled he had been trying for 10 years to persuade the Government to abolish apartheid but concluded: "I have no hope of real change from this Government unless they are forced."

Six months ago the bishop warned he would make a clear statement on sanctions and disinvestment if progress towards the abolition of apartheid had not been made by March 31. Page 29

Plan for Cyprus

Cypriot President Spyros Kyprianou arrived in Athens to assess the latest UN peace plan amid pessimism about reunifying the island. Page 3.

Sofia reforms

Bulgarian leader Todor Zhivkov outlined a reform programme closely linked to changes taking place in the Soviet Union. Page 3.

Finnish strike

Finnish state employees went on indefinite strike for pay rises of up to 20 per cent after ignoring a call from the Government to postpone their action, which disrupted postal and transport services. Page 2

Journalists' action

A nationwide strike by Indian journalists to press a government-appointed wages board for interim pay rises while it considers demands for restructuring wage scales, caused a shutdown of India's 1,300 daily newspapers and four newsagencies.

TV service planned

The BBC is to draw up plans for a world television news and current affairs service, a televised version of its radio World Service. Page 9.

Airfare war likely

A price war seems inevitable this summer as airlines flying the Atlantic cut fares to stimulate traffic. Page 9.

Airline sabotage

The Mexican Government has not ruled out the possibility of sabotage in Monday's airliner crash which killed 166 people.

Manila optimistic

The Philippines Government hopes to retrieve millions of dollars in properties and investments abroad acquired illegally by ousted President Marcos. Page 20.

Counterfeit charges

Three Hong Kong men have been arrested in China and charged with counterfeiting $20m and accused of buying printing equipment under the name of Smooth Manufacturing and Design to produce 200,000 bogus $100 bills.

TV addicts' plea

One in two French television viewers wants the screen blacked out at least one day a week to help to cure what they see as a habit as bad as tobacco or alcohol.

Dancer dies

Danish-born Erik Bruhn, one of the great classical dancers of his generation and the artistic director of the National Ballet of Canada, died in a Toronto hospital from lung cancer at the age of 57.

Business summary

Challenge to Hiram Walker unit sale

OLYMPIA & YORK, Toronto-based real estate and resources group is expected to seek an injunction blocking the proposed sale of Hiram Walker's spirits and wines division to Allied Lyons, UK food and drinks group. **Feature, Page 18; Details, Page 20**

BASF, West German chemical company, increased group pre-tax profit by 20.6 per cent to DM 3.04bn ($1.3bn) last year on sales 9.6 per cent higher at DM 47.69bn. **Page 21**

BANK of British Columbia is to close a third of its branches and curb its foreign operations amid signs of mounting financial difficulties among some Canadian financial institutions. **Page 21**

METAL BOX of the UK is abandoning manufacture of drinks cans in the US and selling its plant there to a subsidiary of Anheuser-Busch, the biggest US brewer. **Page 27**

GUARDIAN Royal Exchange, leading UK insurance group, paid out more than £95m ($139.8m) in professional indemnity claims last year, resulting in an after-tax loss of £68.8m against a profit of £54m in 1984. **Page 20; Background, Page 28**

LONDON reached new peaks as the FT Ordinary share index hit 1,702.9, up 18.9, and the FT-SE 100 index added 17.2 to a high of 1,419.4. **Page 42**

TOKYO: Stocks fell to profit-taking and the Nikkei average suffered its steepest decline this year, falling 190.36 to 15,555.51. **Page 42**

WALL STREET: The Dow Jones industrial average closed 5.15 up at 1,795.26. **Page 42**

DOLLAR ended in New York at DM 2.3840, SFr 1.9840, FFr 7.3175 and Y179.95. It improved in London, rising to DM 2.375 (DM 2.335), FFr 7.295 (FFr 7.16), SFr 1.9825 (SFr 1.9475) and Y179.5 (Y177.9). On Bank of England figures the dollar's index rose to 119.9 from 118.9. **Page 35**

STERLING ended in New York at $1.4600. It was unchanged against the dollar in London at $1.4715, but rose to DM 3.495 (DM 3.435), FFr 10.735 (FFr 10.535), SFr 2.9175 (SFr 2.865) and Y264.25 (Y261.75). The pound's exchange rate index rose 0.7 to 76.5. **Page 35**

GOLD gained $6.75 on the London bullion market to $335.50 and was $4.80 higher in Zurich at $336.55. In New York the Comex June settlement was $1,339.6. **Page 34**

FAIREY Engineering, part of the Pearson group, which includes the Financial Times, has been sold to Williams Holdings, an industrial holding company, for £22m ($32m), the price Pearson paid in 1980. **Page 27**

ALFA-LAVAL and Pharmacia of Sweden are to form a joint venture company supplying equipment and materials for the large-scale manufacture of biotechnological products. **Page 21**

MEXICAN brewer Cerveceria Moctezuma reached a debt rescheduling deal with foreign creditors which is believed to be the first in Latin America to stretch repayments beyond the year 2000. **Page 24**

VOLKSWAGEN-AUDI, West Germany motor group, will boost spending on new products and production facilities by 25 per cent in real terms over the next five years to DM 30bn ($12.7bn). **Page 21**

GENERAL MOTORS, leading US car maker, placed 4,100 employees on indefinite lay-off because of production cuts caused by flagging sales. **Page 6**

Dividend yields in the FT London Share Information Service are now calculated on a 29 per cent basic rate of income tax, against 30 per cent previously, reflecting the tax reduction announced in last month's UK budget.

Oil prices rebound after US warns against 'free fall'

BY DOMINIC LAWSON IN LONDON AND STEWART FLEMING IN WASHINGTON

OIL PRICES rose sharply yesterday after indications from Vice President George Bush and Mr John Herrington, the US Energy Secretary, that Washington wanted to see an end to the free fall in prices.

Despite subsequent denials by Reagan Administration officials that Washington had abandoned its stance that market forces alone should determine oil prices, West Texas Intermediate, the main US crude, was traded on the spot market as high as $12.15 a barrel, after having dropped below $10 on Tuesday.

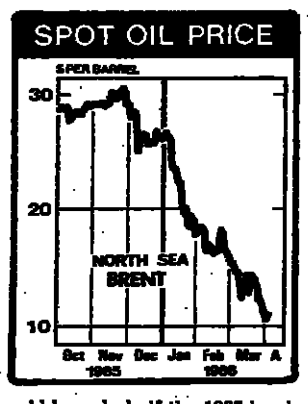
Trading in Brent, the main North Sea crude, was very quiet yesterday, but prices were marked up by up to $1.50 a barrel over Tuesday's all-time low of below $10. April shipments of Brent were quoted in a range centering on $11.15 a barrel, against Tuesday's range of $9.65 to $9.80. May Brent was sold at $10.55 a barrel, a dollar over Tuesday's level.

The gains in Europe and New York were both attributed to the apparent shift in the US position. West Texas Intermediate for delivery in October gained $1 to hit the $13-a-barrel level.

In other developments yesterday:

● Norway's state petroleum directorate said yesterday that about a third of the oil and gas exploration wells planned for 1986 in the Norwegian sector of the North Sea had been postponed because of the fall in prices. Government officials said, however, that at current prices, Norway's existing offshore oil output was profitable, and that there was still no plans to cut back output from these fields.

● Standard Oil, the US oil company 55 per cent owned by British Petroleum, announced that it would cut its 1986 capital spending by 20 per cent from previously announced plans, and would now spend only $1.4bn this year. Standard said that it would slow its funding for Alaska North Slope projects such as the Lisburne Field, and new work on the Prudhoe Bay field. Standard said its 1986 exploration spending would be only half the 1985 level of $915m.



The fall in prices on Tuesday had appeared to prompt Mr Herrington's warnings of the "political implications" of over-production of oil. Mr Herrington said that "it has got to be apparent to the Saudis and the rest of the Arabs that their production is causing some problems in our producer industries."

The White House was delighted to see the oil price plunging from $30 a barrel in November to around $20 in February, seeing it as a change which would put downward pressure on inflation and on US interest rates. Washington also saw the transfer of purchasing power to the industrial countries as beneficial to the world economy. The added pressure of lower oil prices on the Soviet Union's foreign currency earnings was seen as a strategic plus.

But at $15 a barrel, about 1.3m b/d of US high-cost production from heavily depleted fields begins to lose money. At about $10, the 1.5m b/d from Alaska's North Slope fails to cover its production and transport costs. Washington is concerned that if major sources of domestic production are shut in, then it will become over-reliant on oil imports, as it was before the 1973 oil price shock.

Mr Bush denied that his forthcoming trip to the Middle East was a "price-setting mission" but added that "I think it is essential that we talk about stability and we do not just have a continued free fall." The political pressure that the US is now exerting on Saudi Arabia is seen as a sign that the option of directly intervening in the market to introduce an oil import tariff has been set to one side.

But some oil industry experts believe that the US plea will merely encourage Saudi Arabia in its apparent drive to force production discipline on producers outside Opec. An Opec official said yesterday: "The US cavalry is trying to ride to the rescue, but the massacre is already well under way."

Saudi Arabia is likely to view the US move with a degree of irritation since it claims that the US Administration has put pressure on North Sea producers, particularly Norway, not to cut back oil output.

Mr Peter Beutel, oil analyst at Rudolf Wolff in New York, said yesterday: "The Bush statement has arrested the market's sleep walk to lower prices. Traders have been sharply reminded that even the most *laisser faire* US Administration since Herbert Hoover has a political interest in oil prices at a certain level. Next time the oil price hits $10, there will be a lot of buying."

Panacanadian Petroleum, the oil and gas arm of Canadian Pacific, is taking drastic steps to deal with lower oil prices and expects its first quarter earnings will be around C$58m (S$0.6m), down 34 per cent from a year earlier, **writes Robert Gibbens in Montreal.**

The company has been a major prop for Canadian Pacific since 1979.

Panacanadian has cut all tertiary and enhanced oil recovery projects, and will reduce exploration and development spending by about C$195m this year to C$200m.

The exploration budget will drop C$120m and development C$75m.

North Sea plans hit, Page 2; Impact on UK budget, Page 10; Editorial comment, Page 18; Canadian province aids producers, Page 20; Mitsubishi buys Angolan field, Page 21

£ and $ firmer; UK shares at record

By George Graham in London

STERLING and the dollar moved upwards in tandem yesterday, both drawing strength from the prospect of firmer oil prices. London share prices also continued to advance and demand from foreign equity investors lent further support to the pound.

In the currency markets dealers said sterling now seems to resist falling as the oil price drops, but still benefits from rebounds in the oil price. Government officials added that the pound appeared to have moved after the budget into a phase of resilience where good news is welcomed warmly and bad news is discounted.

The pound gained 6 pfennigs against the West German mark to close in London at DM 3.495, while against the dollar it ended the day where it had begun, at $1.4715. The Bank of England's trade-weighted index of sterling showed a gain of 0.7 to end at 76.5.

The dollar, meanwhile, advanced 4 pfennigs against the D-Mark to close at DM 2.375. Against the Japanese yen it also gained over 1½ yen, closing at Y179.5.

City analysts said the budget, which managed to shake off the effects of lower oil prices on Government oil revenues, had driven home to the markets the idea that the British economy was able to weather a fall in the oil price. The budget had won acceptance for the Treasury's view that lower oil prices were, if anything, slightly beneficial to the UK because they reduce inflation and boost output.

Sterling's strength, however, is underpinned by the high level of UK interest rates. In spite of the recent cut in UK bank base rates, the gap between UK rates and those of other industrial economies is still large. The differential between Eu-

Continued on Page 20

Money markets, Page 35

Westland shares probe calls for new proxy rules

BY LIONEL BARBER IN LONDON

THE LONDON Stock Exchange investigation into share dealing in Westland, the British helicopter maker rescued by Sikorsky, the US helicopter maker, and Fiat of Italy, has cleared the British company and its advisers of breaching any exchange rules of its takeover code.

However, the report by a three-strong committee of inquiry raises the possibility of a secret concert party in Westland shares, an offence under Britain's 1985 Companies Act. It suggests that the Department of Trade and Industry may wish to pursue the matter.

The still-unpublished report recommends a new set of rules to deal with proxy battles of the sort which developed between Sikorsky and Fiat and the European aerospace consortium as they tried to secure shareholder support for their rival rescue plans. The European consortium comprised Aerospatiale of France, Messerschmitt-Bölkow-Blohm of West Germany, Agusta of Italy and two UK groups, British Aerospace and GEC.

The report suggests that, in future premium prices offered should be more widely advertised so the small shareholder is not excluded.

A second key recommendation is that changes in UK company law may be necessary to disenfranchise nominee shareholders who refuse to disclose quickly whether they are the beneficial owners of shares.

The inquiry was set up on February 4 in response to criticism that a false market had developed in Westland shares in the run-up to the decisive shareholders' meeting on February 12 which voted in favour of an £80m ($118m) Sikorsky-Fiat rescue plan.

On the eve of the February 12 shareholders' meeting, a preliminary stock exchange report revealed that six mystery shareholders, including three Swiss bank nominees, held 20.33 per cent of Westland's equity.

The 22-page report states: "It is difficult to credit that overseas buyers should consider it worth their while to pay much more than the company's worth without some collaboration with one or the other parties.

"It is not beyond the bounds of possibility that there are six ingenuous foreigners in the world but the committee's credibility was sufficiently stretched to be sceptical as to the absence of such a concert party."

In the absence of hard evidence, the committee says, however, that it is unable to prove the existence of a concert party. But it has established that the first mystery buyers entered the market on January 23, the day after Sikorsky first bought shares – a 6.7 per cent share block from Prudential Assurance and Prolific Unit Trusts.

The Sikorsky deal is criticised. It involved Prudential asking Hoare Govett, the Broker acting for the European consortium, and Rowe & Pitman, Westland's broker, on this occasion acting for Sikorsky, to submit competitive bids by 6pm. The inquiry team says it has "doubts about the propriety of the auction which developed."

Over the next two weeks more mystery buyers appeared. The report says that three London brokers acted on their behalf: Rowe & Pitman, Scrimgeour Vickers, and Hoare Govett. Prices well above the prevailing market were offered, but the inquiry says it was unable to find any breach of stock exchange rules.

● Westland, Sikorsky and Rowe & Pitman are suing the Guardian newspaper over a report on dealing in Westland shares.

Montedison returns to profit

BY JAMES BUXTON IN ROME

MONTEDISON, the Italian chemicals group, yesterday announced its first profits since 1979 and proposed its first dividend since 1974.

The Milan-based conglomerate, whose turn-round is one of the more significant events in recent Italian business history, said that sales last year rose 14.1 per cent to L14,132bn ($8.9bn). But it also announced an increase of 17 per cent in net debt, which rose to L5,086bn.

Montedison SpA, the parent company of the group whose activities include health care, energy and financial services in addition to chemicals made a net profit of L101bn against a loss of L58bn in 1984.

The group made a consolidated profit of L113bn, against a loss in 1984 of L83bn. Net consolidated profit per share was L107 and consolidated cash flow per share was L995.

Montedison is to propose to the company's annual meeting that it pays a dividend of L40 per ordinary share. The last time Montedison paid a dividend was in 1974 when it paid L33. A marginal profit by Montedison SpA of L19bn in 1979 was the only time the company was in the black between 1974 and 1985.

The Montedison group made a net operating profit of L917bn, an increase of 20 per cent compared with 1984. Cash flow rose 49 per cent from L677bn to 1,008bn between 1984 and 1985.

Short-term debt fell from L1049bn for the group at the end of 1984 to L566bn at the end of 1985. But long-term debt rose from L3,176bn at the end of 1984 to L4,520bn at the end of 1985.

Although the group's total debt rose from L4,222bn at the end of 1984 to L5,086bn at the end of 1985, the cost of debt servicing as a proportion of sales fell from 5.9 per cent in 1984 to 5.3 per cent in 1985, partly because of the shift from short-term to long-term borrowing.

The company attributed the rise in debt to the need to finance the major acquisitions carried out last year, which included the takeover of the Milan finance, property and industrial group Bi-Invest, as well as acquisitions and mergers abroad.

The Montedison board confirmed yesterday that it intends to launch an increase in capital at the beginning of May. This is expected to raise L551bn for the parent company. Capital increases totalling about L2,000bn are planned for the entire group during 1986, including the new issue for the parent company.

Group investment totalled L860bn last year, of which L560bn was industrial investment and L300bn went into research and development.

Pirelli results, Page 21

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EUROPEAN NEWS

Franco-US computers squall settled

BY DAVID MARSH IN PARIS

NEWS that France is to receive its first Cray-2 super-computer from the US at the end of the year underlines how Franco-American relations in the sensitive field of trade in high-powered computers have normalised after the squalls of recent years.

The Cray-2 machine, costing about $20m and eight times as powerful as the Cray-1 model first brought out by the Cray Research company in 1976, will be installed at a computing research centre at the Ecole Polytechnique military engineering academy south of Paris.

The computer will be used by a consortium of eight French research bodies, including the national space agency CNES, the aeronautic institute ONERA, and the weapons development arm of the Defence Ministry, the Délégation Générale pour l'Armement (DGA).

Roughly 50 per cent of computing time on the new machine will be geared towards academic research, with defence work making up 35 per cent and weather forecasting 15 per cent.

The acquisition of the Cray-2 will be subject to US export licence conditions. The US has in recent years sharpened its controls over the export of sensitive technology, controls which led to hold-ups in the previous purchase by France of Cray-1 models.

However, partly because of a discrete rewriting of the rules of the game between Paris and Washington over shipments of super-computers, the US is making clear that licensing procedures should not lead to any particular problems this time.

Cray machines form the high-powered computing nerve centres of a range of strategically important industrial and military research centres in the US and Europe.

With 115 models installed at the end of last year, Cray reckons it has 70 per cent of the world market for super-computers. Out of the total, 41 per cent are used for defence work – for development of both conventional and nuclear weapons – with 17 per cent used at oil companies, 11 per cent in aerospace and 6 per cent in universities.

The first Cray-1 delivered in 1976 was used at the US Los Alamos nuclear weapons laboratory. The British Defence Ministry has four Cray machines, including one at the nuclear weapons establishment at Aldermaston.

The Cray-2, first delivered in June last year, has so far been installed only in the US – at the National Aeronautics and Space Administration (Nasa), the Lawrence Livermore weapons laboratories, and the University of Minnesota.

Formal export authorisation for delivery of the French Cray-2, planned for November, has not yet been granted. Mr Robert Levy, chairman of Cray Research's French subsidiary, says, however, that "things have totally changed" since the well publicised hold-ups in 1981 over shipment of a Cray-1 to the military division of the Commissariat à l'Energie Atomique, the French atomic energy commission.

The French Cray-2, capable of carrying out 1.2bn calculations per second, will be the second installed in Europe. The University of Stuttgart is due to take delivery of the first machine a few months earlier.

Spain rejects UK protests over Gibraltar

BY TOM BURNS IN MADRID AND ROBERT MAUTHNER IN LONDON

SPAIN yesterday rejected a British protest over the alleged intrusion of the Spanish navy's flagship, the aircraft carrier Dedalo, into Gibraltar's territorial waters, saying that it considered the waters as being under Madrid's sovereignty.

The Spanish Foreign Ministry's announcement followed hard on the heels of an aide-memoire delivered by a British embassy official in Madrid, claiming that the Dedalo had penetrated the 3-mile territorial limits around Gibraltar for 15 minutes on the night of March 20.

It had launched two helicopters dangerously close to Gibraltar Airport without any prior permission, a British official said.

The incident threatens to cast a cloud over the three-day state visit which King Juan Carlos and Queen Sophia of Spain are due to pay to Britain from April 22 to 25, the first by a Spanish monarch to the UK since 1905.

The visit is intended not only to underline the closer relationship between the two countries following Spain's entry into the European Community at the beginning of this year, but the rapprochement which has taken place between Madrid and London during the past two years on Gibraltar.

The British and Spanish Foreign Ministers and their officials now hold regular open-ended talks on Gibraltar, which has been a bone of contention between the two countries for nearly three centuries, and has been dubbed "the last colony in Europe" by Madrid.

The Spanish Foreign Ministry said yesterday that the 1713 Treaty of Utrecht, under which Spain ceded the Rock to the British Crown, recognised as territorial waters only the immediate port area of Gibraltar. The other waters adjacent to the Rock are claimed by Spain as coming under its sovereignty. Spanish officials did not offer any explanation of the purpose behind the intrusion into the three-mile zone by the Dedalo, which carries helicopters and British-made Harrier jump jets.

The Dedalo has never sailed so close to the Rock in more than 20 years of service as the Spanish navy's flagship and there have been some suggestions that officers on board might have taken the law into their own hands.

British officials, however, discounted reports that the incident was provoked by rebel officers intent on sabotaging the visit by the King and Queen of Spain to Britain.

Staff at Bofors face arms charge

By Kevin Done, our Correspondent in Stockholm

SEVERAL employees of Bofors, the armaments subsidiary of Nobel Industries of Sweden, have been informed by a Swedish country prosecutor that they are suspected of arms smuggling.

The two-year investigation of Nobel Industries for alleged arms smuggling to the Middle East is unlikely to be completed before the autumn, when the prosecutor will decide whether to press charges.

Bofors, which earlier this week announced that it had won a record SKr 8.4bn arms order from India, is suspected of illegally selling its missile 70 system to Dubai and Bahrain via a middleman in Singapore.

It is also suspected of seeking to export large quantities of military explosive from Sweden without a licence from the authorities.

Sweden maintains strict controls on arms exports which in principle forbid the sale of armaments to countries at war, as well as to countries involved in international conflicts which can lead to war

N. Sea exploration plans hit by fall in oil price

COMPANIES DRILLING for oil and gas in the Norwegian section of the North Sea have postponed almost a third of new exploration wells planned for 1986, Norway's oil directorate said yesterday, Reuter reports from Oslo.

The world oil market is suffering from oversupply which has cut prices. A barrel of crude costing nearly $30 about three months ago was yesterday on offer for less than $10.

Companies said the projects had been postponed because they needed more time to study them.

But, the Norwegian directorate said in a statement that plummeting oil prices could not be excluded as a main reason for the postponements.

Oil companies had so far postponed until next year 20 of the 63 wells initially planned for 1986, the state-funded directorate said.

Offshore oil and gas exploration is most immediately threatened by the low market prices as profit margins are smaller due to the high production costs involved.

Norway, with output of around 900,000 barrels per day, is one of Europe's major producers and is not a member of the Organisation of Petroleum Exporting Countries (Opec).

A meeting of Opec in Geneva failed last week to stem the oil price fall. But the spokesman noted Opec's next meeting, due to start on April 1, could change the exploration picture if crude prices rose again.

Finnish train travellers hit as civil servants strike

HELSINKI train travellers had to find alternative transport and President Mauno Koivisto had to move out of his downtown palace yesterday when 15,000 civil servants went on strike for higher pay, AP reports from Helsinki.

Air passengers flying in or out of the Finnish capital had to count on two extra hours of travel time after the Helsinki airport closed and flights were diverted to Turku and Tampere.

The 74,000-strong civil servants union started the strike after the Government turned down its demand of a wage rise of 800 markkas (£108) a month and a 6 per cent rise. So far the strike has been restricted to the capital region.

About 100,000 people who normally use trains to get to work scrambled to find alternative transportation, such as city buses which were running normally.

Poland outlines conditions for Pope's visit

By Christopher Bobinski

THE Polish Government yesterday set out its conditions for a visit by Pope John Paul II planned for June next year.

The statement yesterday by Mr Jerzy Urban, the Government spokesman, pinpointed the issues the authorities consider important, as well as the official fears surrounding the trip.

The Pope is keen on the week-long visit, which is seen as aimed at spiritually invigorating the overwhelmingly Catholic population in Poland, as well as reaching out to Catholics in the Soviet Union where 1988 sees the millennium of Christianity.

Mr Urban said the authorities were apprehensive that the visit might have political consequences and insisted that it must serve "the cause of national conciliation."

The statement also showed that before the visit the Government would like the Church to clamp down on its outspoken priests, deny church premises to independent cultural events, and tone down its campaign to keep crosses in schools.

W. German industrial production falls

WEST German industrial production dropped by 1 per cent between January and February this year, the economics ministry announced yesterday. If the two months are taken together, however, output stood 4 per cent higher than in January and February 1985, writes Rupert Cornwell in Bonn.

IFO, the Munich-based research institute, predicted this week that industrial production would rise by around 4 per cent in real terms in 1986, after a stagnation early in the year.

FINANCIAL TIMES

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Bulgarian leader urges 'profound' economic change

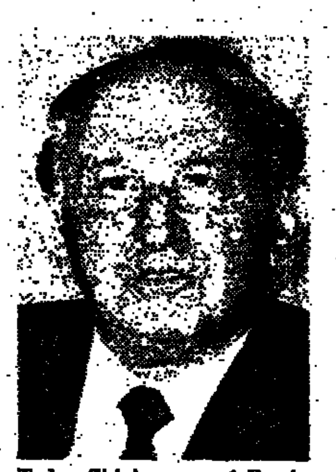
BY PATRICK BLUM IN SOFIA

PRESIDENT Todor Zhivkov yesterday called for "profound change" in the management of the Bulgarian economy over which he has presided for 30 years, as he outlined reforms closely attuned to those of Mr Mikhail Gorbachev in the Soviet Union.

Opening the Bulgarian Communist Party's 13th congress, Mr Zhivkov stressed the need for more "responsibility, order and discipline."

The veteran 74-year-old party leader and head of state laid equal emphasis on reforms giving workers, managers and individual companies more freedom and responsibilities, and on the need to maintain the *leading roles* of the party and the central planners in all key areas of the economy.

Mr Zhivkov's keynote speech to the five-yearly party congress was peppered with glowing references to the recent Soviet party congress and was visibly welcomed by Mr Nikolai Ryzhkov, the Soviet Prime Minister, attending the Sofia meeting.



Todor Zhivkov . . . following in the footsteps of Soviet leader Mikhail Gorbachev.

Bulgaria is considered the closest Soviet ally. Recent reshuffles in top Bulgarian party and government ranks have been the most extensive in Eastern Europe outside the Soviet Union, while Mr Zhivkov's disbanding earlier this year of all key industrial ministries and creation of new supervisory "councils" in fact goes beyond what Mr Gorbachev has so far done in Moscow.

Since the summer, the Bulgarian authorities have also been shaken by serious economic problems caused in part by unusually harsh weather conditions, and a severe energy crisis both of which disrupted industry and badly affected agriculture.

Grain production fell from about 9m tonnes to 5m tonnes last year and the country was forced to import food to meet domestic requirements, one official said yesterday.

In the build up to Congress there was growing condemnation in the local press about corruption, mismanagement and inefficiency.

Mr Zhivkov called for renewed efforts to implement a *scientific and technological* revolution that is designed to accelerate Bulgaria's development and bring it to the forefront of industrialised nations by the year 2000.

More wide-ranging reforms in administration and the economy will be made to give higher rewards for merit and *higher productivity in an effort* to boost output and competition.

Competition between economic organisations will be encouraged both at home and abroad, but the reforms are not aimed at ushering in a freer play of market forces.

While wages and other benefits will be more closely related to performance, prices will remain tightly controlled.

Mr Zhivkov also warned that the authorities will act against waste and incompetence:

"Rights and obligations are inseparable from one another. Order and discipline are not a matter of wish or goodwill, it is a duty of the entire community.

"Let no-one count on liberalism, on any privileges that would exempt him from his duty."

Kyprianou to discuss latest UN peace plan

BY ANDRIANA IERODIACONOU IN ATHENS

CYPRIOT President Spyros Kyprianou arrived in Athens yesterday to assess the latest United Nations Peace plan for Cyprus amid general pessimism over the chances of it leading to the reunification of the divided Eastern Mediterranean island.

Turkish troops invaded Cyprus and occupied over one third of its territory imposing a de facto partition, in 1974, following a Greek junta coup there.

A confidential UN document, the third of its kind in the past 15 months, was presented to the Greek and Turkish Cypriots last Saturday by Mr Javier *Peres de Cuellar*, the UN Secretary General. Details of the text were leaked to the Greek Cypriot press and published on Tuesday.

The two sides have reportedly been given until the third week in April to respond. However, observers of the UN peace *initiative which* was launched in 1984 with the active support of London and Washington, are privately gloomy about the new documents' chances of proving acceptable to both the Greek and Turkish Cypriots.

Mr de Cuellar has failed in two previous attempts—the first in January 1985 and the second in April of that year—to strike middle ground.

In the first case, the tabled UN draft settlement plan was rejected by the Greek Cypriots at a meeting in New York between Mr Kyprianou and Mr Rauf Denktash, the Turkish Cypriot leader.

The Greek Cypriots rejected the plan because it relegated the details of issues such as the timetable for a withdrawal of the Turkish occupation troops from Cyprus, the guarantees for a settlement, and the freedom to move settle and own property throughout the island to working groups rather than to summit level negotiations.

A revised draft presented in April, which madet some concessions to the Greek Cypriot view by specifying that details of guarantees and troop withdrawals should be negotiated at a new summit meeting, was in turn rejected by the Turkish Cypriots.

According to the leaked report the secretary general's new document reverts to the suggestion of relegating all issues to working groups.

As in the previous two plans, it proposes that a Federal Republic in Cyprus be set up *made up of two federated states* with a single citizenship and a Greek Cypriot President and Turkish Cypriot vice-president.

The Turkish Cypriot zone, would consist of about 29 per cent of the island's territory. Turkish troops currently occupy about 37 per cent.

The powers of the central Federal Government would include foreign affairs, finance and defence. Both the President and the vice-President would have the power of veto. Turkish and Greek would be official languages.

West Berlin mayor urged to act against deputy

BY LESLIE COLITT IN BERLIN

PRESSURE IS mounting on West Berlin's Christian Democrat (CDU) governing mayor, Mr Eberhard Diepgen, to drop his deputy, Mr Heinrich Lummer, in the face of charges he was involved in the worst corruption scandal the city has known since 1945.

Mr Lummer, who is also the city's security chief, denied accusations he knew about bribes or payments to the CDU by a West German businessman to a West Berlin district building councillor. Both men were arrested earlier this year.

The corruption scandal centres on bribes and party donations *allegedly* made by builders to city officials to obtain exemptions from the building code as well as choice construction sites.

The deputy mayor admitted he payed DM 2,000 (£869) to a right-wing group in 1971 to prevent it from taking part in the West Berlin parliamentary elections. One of the recipients claimed the money was actually used, with the politician's knowledge, to distribute campaign posters against the Social Democrat Party (SPD).

At a news conference earlier this week Mr Lummer said he would resign immediately if the CDU and the city government regarded him as a "burden."

Mr Diepgen, however, rejected demands for his deputy's resignation and called the accusations "banalities."

The opposition SPD charged that by continuing to support Mr Lummer, the governing mayor had become an intolerable burden to the city. Until the scandal broke last January, Mr Diepgen was rated as one of the most successful leaders West Berlin has had in recent years.

Editorials in all West Berlin newspapers, including those of the pro-CDU Axel Springer publishing house, yesterday urged Mr Diepgen to remove his deputy before more damage was done to the city's reputation.

West German trade unions are mobilising against the Government

After the fuss, the real battle begins

BY RUPERT CORNWELL IN BONN

THE DGB, the central West German trade union federation, yesterday began its promised referendum of workers in protest at the stricter strike law passed by the Bundestag on March 21 last.

The ballot papers, of which 15m have been printed, will be distributed over the next 12 days at plants and workplaces up and down the country. They invite employees to say "yes" or "no" to the proposition that *the unions' capacity to mount* strikes should be protected, and that the changes in the existing law, making it effectively much more expensive for a union to finance a major strike, should be rejected.

The results of the referendum are expected before April 18, the day on which the Bundesrat, the second house of the German parliament, is due to ratify the amendment.

Although massive endorsement of the DGB's categoric opposition to the new measure is a foregone conclusion, the union campaign has been widely criticised as an improper challenge to the constitutional authority of parliament.

Mr Norbert Bleum, the federal Labour Minister, yesterday called the ballot a "*fraud*." *The real threat to* the unions' ability to finance a strike was not the new law, but the financial crisis at the union-owned "neue heimat" property group, where financial mismanagement had already cost the unions "more than any strike ever has, or ever will."

GERMANS do tend to get up early. But that hardly explains why TV cameras turned up at 7.30 am one chilly morning a few weeks ago to cover a meeting of municipal cleaners at a depot in Cologne in support of the pay claim of one of the country's less glamorous employment sectors.

The object of the media attention was the rather more glamorous main speaker at the rally, whose smart suit and pearl necklace was in contrast to the orange jackets of her audience of 50-odd, many of whom had already done a predawn shift on the city streets.

Monika Wulf-Mathies, president of the OETV public workers' union was making one of many stops in a nationwide campaign to mobilise the shopfloor behind the union's claims in its most recent wage bargaining round, and against the Government's clumsy efforts to tighten the West German strike laws.

Mrs Wulf-Mathies has long since grown used to the fuss which followed her election in September 1982, as the first—and so far only—female leader of a major trade union, in a country not noted for blazing trails in the field of women's emancipation.

Her job as head of the 1.2m strong OETV, second largest after the IG-Metall engineering union of the 17 affiliates of the central DGB labour federation, makes her one of the most powerful, and certainly one of the most visible, women in West Germany. For 44-year-old Mrs Wulf-Mathies however it is her job, not her sex which matters.

She says: "*I'm not even sure* that women have a particularly tough time here. There is discrimination against women. They have to be better to achieve the same career as a man and they suffer most when the economy goes wrong. The situation is unsatisfactory—but where else, apart from Scandinavia, is better?"

The OETV is a specially broad church, with members ranging from well-paid Lufthansa pilots to dustmen and *sewage workers: and the press* remains fascinated that a woman from a comfortable middle class background should be fighting on behalf of the lowest paid.

She believes that nothing could be more natural. After gaining a doctorate from Hamburg University, she learnt the ways of public sector power during a five-year stint in the 1970s in the social policy section of the Chancellery of Mr Willy Brandt and Mr Helmut Schmidt. *She has* been a member of the Social Democratic (SPD) party since 1965.

During her presidency, she has had setbacks, especially early on. Last November a strike by maintenance workers at Lufthansa ended after four days in an embarrassing failure *which did little* to enhance the reputation of either the OETV or its leader. Now, however, things are looking up.

This year's pay negotiations with her old sparring partner Mr Friedrich Zimmermann, the Interior Minister, ended in a deal providing for an average 4.1 per cent pay increase, which is looking steadily better as inflation drops closer to zero.

More generally, she believes that after a rough period, when employers took advantage, in West Germany as elsewhere, of high unemployment to cut back union influence, the mood is *now changing.*

"Better pay deals have helped by making the unions more credible: so has our campaign against the cuts in benefits brought in by the centre right." Mrs Wolf Mathies said. There was also a greater trend towards solidarity now that the Government had chosen to confront the unions.

The collision is over the amendment in the strike law, passed by the Bundestag on March 20, which limits the right of workers indirectly involved in a strike to receive unemployment benefits

Mrs Wulf-Mathies is not ready to guess what form future protest will take. But she was surprised, she says, by the strength of the resistance to the amendment

More ominously, she warns, it has placed the famous "social consensus" between the two sides of industry and government, which has contributed so much to German post-war economic success, in real danger. And that is not something to cheer Chancellor Helmut Kohl, who has championed the amendment through thick and (increasingly) thin, as he prepares to fight a federal election now just nine months away.

Monika Wulf-Mathies, leading the fight against anti-strike laws.

OVERSEAS NEWS

US pledges continued presence in S. Korea

US Defence Secretary Caspar Weinberger yesterday told South Korea that US forces would be kept in the country for as long as they were needed, Reuter reports from Seoul. Mr Weinberger's visit coincides with joint military exercises by 200,000 US and South Korean troops which have been denounced by North Korea as a "rehearsal for northward aggression."

South Korean Defence Minister Lee Ki-baek agreed with Mr Weinberger to intensify the joint exercises over the next few years, which Mr Lee called "a most critical period from a security standpoint."

South Asian ministers meet

Economics ministers representing the seven nations comprising the newly-formed South Asian Association for Regional Co-operation (Saarc) began two days of talks yesterday aimed at agreeing common policies to put before international agencies, writes Mohammed Aftab from Islamabad. The seven are Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan and Sri Lanka.

Pakistan Prime Minister Mohammed Khan Junejo called on Saarc to step up its efforts to ensure the increased flow of Official Development Assistance (ODA) and called on Western nations to fulfil their target of providing 0.7 per cent of the gross national products as ODA to developing nations.

'Success' for moderate Sikhs

Mr Arun Nehru, India's Minister of State for Internal Security, told parliament yesterday that there were encouraging signs that Punjab's moderate Sikh government was beginning to make headway in the fight against extremist violence, Reuter reports from New Delhi.

His statement came as Punjab's new governor, Mr Sidarth Shankar Ray, took office against a background of violence in the northern state which has claimed more than 100 lives during the last month.

India trade deficit record

India's trade deficit is estimated at a record provisional Rs 70bn (£3.88bn) in fiscal 1985-86 ending March, compared with Rs 53.19bn in 1984-85 and the previous high of Rs 58.91 in 1983-84, Reuter reports from New Delhi.

Mr Shiv Shanker, Commerce Minister, told parliament yesterday that he provisionally estimated 1985-86 imports and exports at Rs 185.25bn and Rs 115.25bn respectively, against Rs 169.75bn and Rs 116.56bn in the previous year.

He stressed, however, that the Government did not plan to change its import liberalisation policy designed to improve domestic production. Instead, it would take steps to boost exports, particularly of engineering goods, farm commodities, chemicals, plantation and marine products.

Pledge for Bhopal victims

The Indian Government, reiterating its opposition to a proposed $350m (£238m) settlement with Union Carbide of the US, yesterday said it would accept only "full and fair compensation" for Bhopal poison gas victims, AP-DJ writes from New Delhi.

"All possible steps are being and will be taken to protect the interest of the victims and the public fully," Mr Narayan Datt Tiwari, Industry Minister, told parliament.

Sri Lanka soldiers killed

Sri Lankan guerillas yesterday ambushed an army convoy, killing seven soldiers in an attack involving a land mine, rocket-propelled grenades and automatic weapons, the Defence Ministry said, Reuter reports from Colombo. The ministry said the convoy was ambushed as it passed Kokavil in northern Mullaitivu district. Tamil separatist rebels were blamed for the attack.

China army plan on target

China's plan to demobilise 1m military personnel by the end of this year should be completed on target, Reuter writes from Peking. Han Huaizhi, deputy chief of the general staff, said in an interview in the China Daily that large numbers of army officers had been demobilised over the past year without disrupting the service.

King Hassan wins tactical victory with armoured Sahara wall

BY A SPECIAL CORRESPONDENT, RECENTLY IN THE WESTERN SAHARA

A TWIN rampart of sand and stone winds across the utterly desolate stony desert of the western Sahara as far as the eye can see, blending into its surroundings well before the horizon.

The wall, built in stages over the past five years, is a 1,300-mile-long cordon sanitaire built by King Hassan of Morocco to keep out the Polisario guerrillas who have been fighting for independence over the past 10 years.

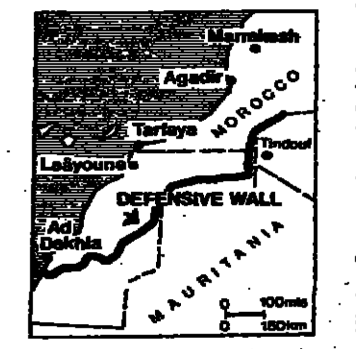
On the Atlantic coast, just south of the town of Dakhla, the commanding officer, Col Driss Menoua, was confident. "When we built the wall, the Polisario had to change their tactics. They can no longer be guerrillas, they have to use tanks and armoured cars. We prefer that. For us, the military problem is now over."

On the other side of the wall, the Polisario secretary general, Mr Mohammed Abd al-Aziz, frankly admitted that the heady days of the war in the late 1970s, when Polisario regularly ambushed and captured Moroccan soldiers and equipment, were over.

Although the 10-year-old war is in stalemate, Mr Abd al-Aziz insisted that the wall is not unbeatable. "We carry out raids almost daily. Our tactics are to harass, to attack the wall and keep worrying the Moroccans," he said.

The key Moroccan command post on the wall is at Mahbes. General Abd al-Aziz Bennani, in charge of more than 80,000 soldiers in the southern zone, considers Mahbes to be strategically crucial. The town sits on a 1,500 ft high plateau and commands the triangle formed by the meeting of the international borders of Algeria, Mauritania and Morocco.

The wall along this sector is probably the most heavily defended. Built into the eight-foot-high rampart are concrete bunkers with heavy-calibre machine-guns. Behind the first rampart anti-aircraft cannon and anti-tank missiles are mounted on armoured personnel carriers and behind the second are US- and French-built tanks and further back are rapid deployment units and air bases for French Mirage and US F5E jet fighters.



'King Hassan has staked much on his policy of steady assimilation. . . . Despite the cost of the war he owes a good measure of political unity to his popular Saharan policy'

The area in front of the wall is mined and dotted with heat and vibration detectors which, together with ground radar, are connected to a communications post that gives early warning of any Polisario attack.

"We know exactly what they are doing all the time," one officer said. "They don't dare attack here." But Polisario can and does attack the weaker points — the small machine-gun emplacements strug out approximately every nine miles along the wall.

In the area of the Western Sahara beyond the wall, Polisario has free rein and a considerable military presence. More than 60 countries recognise the Sahahawi Arab Democratic Republic, set up 10 years ago, including India and Yugoslavia, though not the Soviet Union. Polisario has also secured full membership of the Organisation of African Unity.

Mr Abd al-Aziz, also President of the Republic, speaking in an area south of the Algerian town of Tindouf, was at pains to stress Polisario's non-military achievements: the well-organised tented towns that sustain over 100,000 Saharawi refugees; the well-run schools that still teach Spanish—the language of the former Sahara colonial power—as a second language; the successful literacy campaign; and the transformation of women's lives to give more support for the war effort. More than 1,000 women make up the logistics, administration and medical corps.

The cost to Morocco of maintaining its defensive position is substantial — estimated at between $750,000 and $1m a day. "Morocco gets its aid from France, the US and Saudi Arabia," Mr Abd al-Aziz said. "It is they who are prolonging this war. Without them Morocco wolld collapse."

The Polisario leader conceded that without massive Algerian backing he, and his people could not keep up the pressure on Morocco. "Ours is now a war of attrition. But there can be no military solution. The only way to solve this problem is for the belligerents to sit at a table face to face," a likelihood which he thought was remote.

King Hassan has staked much on his policy of steady assimilation of the Western Sahara into Morocco. Despite the cost of the war the King owes a good measure of the political unity now prevailing in his country to his popular Saharan policy.

The armed forces sections of which have twice tried to overthrow him, now have something tangible to get their teeth into and the phosphate mines at Bou Kra in the Sahara, whose output is second only to Morocco's, are now under his control and safely behind the defensive wall.

The long Atlantic coastline of the Sahara is ripe for tourist exploitation, and a Club Mediterranee resort was completed last September at La'youn, the territory's capital.

Algeria's backing for Polisario is both ideological and strategic—Algeria's leaders perceive King Hassan's policies as expansionist in the long term. But it is obvious that, for the time being, both countries are being very careful not to allow the war to escalate away from the current stalemate.

Two UK teachers missing in Beirut

By Nora Boustany in Beirut

BRITISH DIPLOMATS said yesterday they had no clue to the disappearance in Beirut of two British teachers, reported missing since last Friday.

Announcement of the suspected kidnapping of the two Britons coincided with a French government decision on Tuesday to pull out 45 French observers from confrontation lines in and around Beirut. The withdrawal of the Frenchmen, the last French military presence in Beirut following the departure of the multinational force in March 1984, was the latest phase in a gradual exodus of foreigners from Lebanon.

Mr Leigh Douglas, 31, a lecturer of political science at the American University of Beirut and Mr Philip Padfield, 40, director and co-owner of the International Language Centre in Moslem-controlled West Beirut, are feared kidnapped. They were last seen walking home from a pub late on Friday, a fellow teacher said.

Mr Douglas, from Norfolk, England, and Mr Padfield, from Bideford in Devon, have been working and living in Beirut for several years.

Meanwhile, two small explosive charges placed near the offices of British Airways and the British Council were discovered over the weekend and dismantled. This series of events has raised concern over the safety of British nationals in the predominantly Moslem half of the Lebanese capital.

Faculty and students of the American University of Beirut declared a strike yesterday to protest against the abduction of Mr Douglas, who holds a doctoral degree in political science from London University.

Mr Alec Collett, 64, British writer and freelance journalist, was kidnapped south of Beirut on March 25 while on assignment for the United Nations Relief and Works Agency.

At least five British citizens were kidnapped in Beirut last year. Professor Denis Hill of the American University of Beirut was found dead, but the others were released.

New tourist route into China opens next month

BY JOHN ELLIOTT, RECENTLY IN ISLAMABAD

A NEW tourist route into China is to open on May 1 at 15,000ft above sea level, through the Karakoram Mountains in northern Pakistan, following the tracks of the 3,000-year-old silk route from China to the West.

It will be the most westerly land access into China outside the Soviet Union and is expected to boost Pakistan's fledgling tourist industry by providing the twin attractions of the relatively little-known mountainous northern areas of Pakistan and south-western China.

The opening of the border on May 1 is also symbolically important because of strengthening economic and diplomatic ties fostered by the two countries as a counter-balance to their more uncertain relations with neighbouring India.

China has also recently opened access to its southern borders in Tibet via Nepal with which it is also developing economic and diplomatic relations.

The new Pakistan route follows the 470-mile Karakoram highway which was built with Chinese help in the late 1970s from a point near the Pakistan capital of Islamabad to the Chinese border in the 15,000ft high Khunjerab pass.

This road has been progressively opened to tourists in the past few years, allowing access to remote areas such as the former kingdom of Hunza, which was independent until 1947.

Algeria agrees to cut gas prices to France

BY PAUL BETTS IN PARIS

ALGERIA has agreed to lower its gas prices to France, one of its principal customers, as a result of the general fall of world energy prices.

Sonatrach, the Algerian state hydrocarbons concern, and Gaz de France (GdF), the French gas utility, confirmed yesterday in a joint statement that the two groups had reached an interim agreement on the calculation of Algerian liquefied natural gas prices taking into account the agitated state of world oil markets.

The statement implies that Algeria has agreed to modify the formula on which its gas prices are fixed. Up to now Algerian gas prices were indexed on the official Opec prices of eight types of crude oil.

However, the Opec posted oil prices had become completely unrealistic in the face of the decline of oil prices on the spot and other markets. Under the interim agreement, Algerian gas will continue to be calculated on the basis of a basket of crude oils but also on their market prices.

The French utility said yesterday the agreement with Sonatrach did not pre-empt the outcome of the final renegotiations between the two countries over the terms of the Algerian long-term gas supply contract to France. This final round of talks is due to start in the second half of this year.

Tokyo urged to develop more light-water reactors

BY YOKO SHIBATA IN TOKYO

AN ADVISORY body to the Ministry of International Trade and Industry (Miti) is urging the development of another generation of light-water reactors until Japan's first fast-breeder reactor is put into practical use.

Light-water reactors are the mainstay source of atomic power in Japan at present.

The recommendations, compiled by a subcommittee of the advisory committee for energy, are based upon the prospect that the practcal application of fast breeder reactors would be delayed beyond the initially scheduled 2010 to around 2020.

The recommendation specifically calls for new light-water reactors to be brought on stream by 2005, with an investment of about Y100bn (£382m). The panel noted that the improvement of existing light-water reactors with a life span of 5-10 years will be completed by March 1987, for practical use in mid-1990.

The report also proposed raising the operating ratio of existing light-water reactors from 75 per cent to 80-85 per cent.

The panel also said the Government should promote safety-related technology, while improvement of reactor efficiency should be left to the private sector.

Indonesia balance of payments surplus at $38m

BY OUR JAKARTA CORRESPONDENT

INDONESIA performed better than expected to post an overall balance of payments surplus of $38m (£25.8m) in the fiscal year to March 31. The surplus was achieved despite a sharp fall in oil prices in the final quarter of the year.

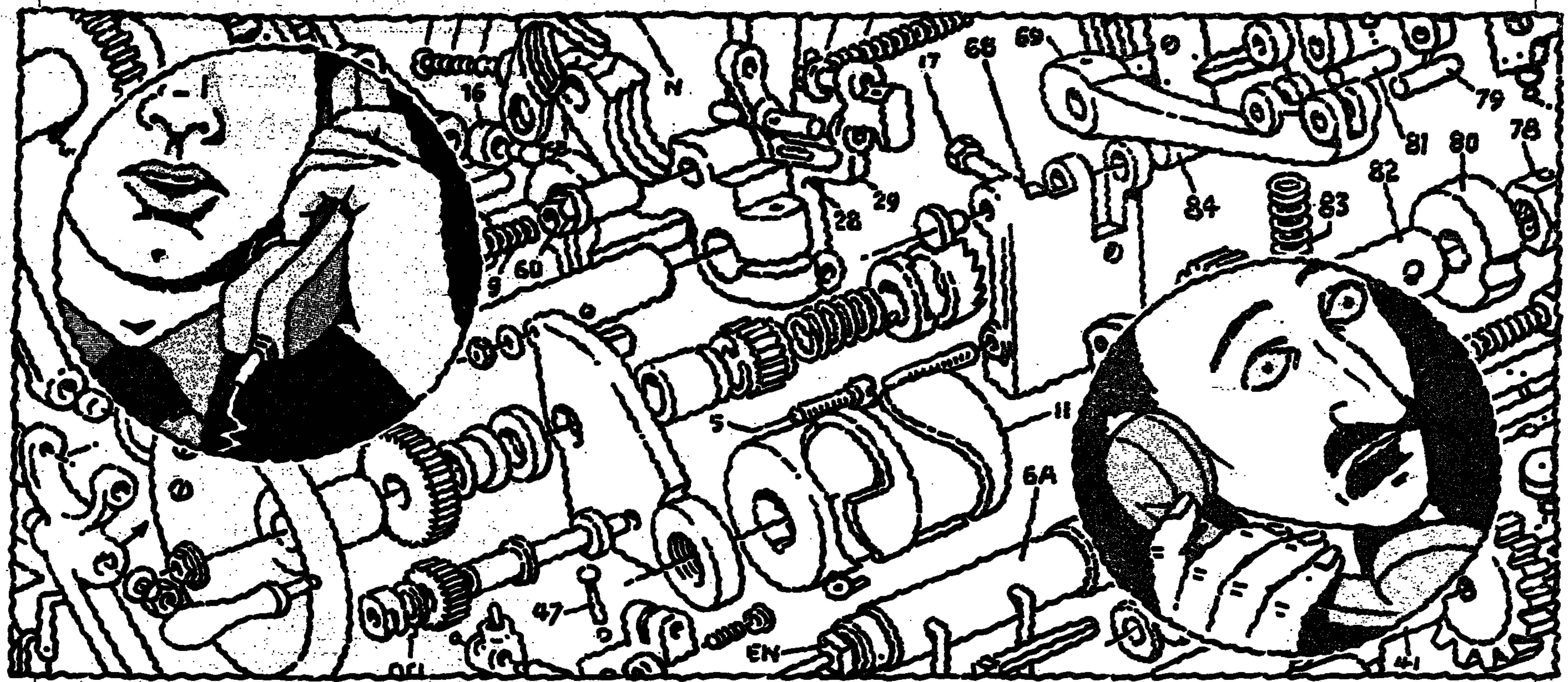
Indonesia's current account deficit, however, rose by 5.6 per cent to $2,079m in the latest year. Total exports in 1985-86 declined by 9.1 per cent to $18.10bn under the impact of a 12.5 per cent decline in oil and gas export receipts and a 0.7 per cent fall in non-oil exports, Mr Radius Prawiro, Finance Minister, announced.

The current account deficit was held in check to some extent by a 13.2 per cent decline in imports, to $12.54bn. The service account deficit was up by 2.7 per cent to $7.6bn.

Official capital inflows in 1985-86 amounted to $3.3bn, down 5.1 per cent on the previous year. Capital inflow was an especially disappointing performer for Indonesia. The target figure for the latest year was $4,974m. However, private net capital inflows rose by 25.2 per cent, to $625m.

Mr Radius blamed the poor export performance on market declines in international prices of virtually all Indonesia's major export commodities. Release of the trade figures has been greeted in Indonesia with restrained relief that the austerity measures and a drive for greater efficiency have contained part of the impact of the world energy price slide.

Relief that the overall balance of payments ended the year in the black has been tempered by the fact that the surplus was small compared with the previous year's margin of $667m.



You have a manufacturing plant in Taiwan. And an Italian designer based in Tokyo.

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US mergers surge to record $180bn

BY TERRY DODSWORTH IN NEW YORK

THE VALUE of mergers and acquisitions in the US surged to a record last year as takeover activity spread into a broad range of industries and the number of recorded deals hit a 12-year peak.

According to W. T. Grimm, the Chicago-based publishing group and market research organisation, the aggregate purchase price of US corporate acquisitions in 1985 surged to $179.6bn (£121bn), a 47 per cent increase on the $122.2bn achieved in the previous year.

Deals announced reached 3,001, an increase of 18 per cent over the 2,543 recorded in 1984, but substantially less than the 4,040 acquisitions and mergers registered in 1973.

A number of features stood out in last year's merger activity, when the frenetic pace of new transactions and innumerable hostile bid battles caused a heated debate about the economic and social value of corporate takeovers.

Among these characteristics were:

● A record number of 36 transactions valued at more than $1bn. These mega-deals reflected the extraordinary jump in the size of takeover targets over the past two years,

US MERGERS AND ACQUISITIONS	1985	1984
Total dollar value ($bn)	179.6	122.2
Divestitures	1,237	900
Acquisitions of public companies	336	210
Acquisitions of private companies	1,340	1,352
Acquisitions of foreign sellers	88	81
Total number of transactions	3,001	2,543

a growth which was sparked off largely by the accelerating merger activity in the oil industry in 1984.

Last year's $1bn plus deals totalled $92.7bn in total, compared to $58.1bn in the previous year, when 18 deals in this category were concluded.

● The largest non-oil acquisition in US corporate history, with General Electric's $5.97bn takeover of RCA. In the previous year, all the top four deals were in the oil industry. Last year, the only proposed acquisition in the energy field falling in the top 10 takeovers was the US Steel bid for Texas Oil and Gas.

● The biggest transaction to make a company private was the $5.36bn leveraged buyout of Beatrice Companies, the food and consumer products group. This acquisition reflected the surge of buyouts last year, in which managements of several public companies acquired the businesses using large pools of borrowed money.

"Lower interest rates, availability of financing, and a fear of corporate raiders resulted in more and larger going-private transactions," said Grimm.

● The largest management buyout of a unit of a publicly-traded company involved the sale of Union Texas petroleum by Allied Corporation for $1.7bn to a group of managers and Kohlberg, Kravis, Roberts, the leading buyout specialist.

Although this was by far the most highly valued transaction of its kind, it demonstrated the strong wave of divestments in the US last year. Analysts argue that this trend is partly a result of the increasing pace of acquisitions, which has left many acquirers with divisions they do not want and anxious to reduce debt by selling off these unwanted subsidiaries.

The report notes that there was a marked decline in the number of takeovers in the final quarter of last year, when only 68 were recorded against an average of 90 in each of the three preceding quarters.

Grimm points to the powerful rally in the stock market beginning last autumn as a possible reason for the slowing down in the pace of offers for public companies. However, the overall price earnings ratio at which acquisitions were made rose by only 5 per cent to 18 from the year-earlier multiple of 17.2.

Average premiums over the market price paid for publicly-held companies fell slightly, although they still represented a hefty differential of 37.1 per cent against 37.6 per cent in the previous year. Even so, in some specific industries the premiums paid shot up. Indeed in six of the industrial sectoral groupings used by Grimm, companies were acquired at more than 40 per cent over their market price, rising to just over 50 per cent in the transportation industry. In the previous year, acquisitions were pitched at over 40 per cent more than the market price in only two sectors.

GM lays off 4,700 workers

By Our New York Correspondent

GENERAL MOTORS, the US's leading car manufacturer, placed 4,700 employees on indefinite lay-off yesterday as a result of production cuts caused by flagging vehicle sales.

The lay-offs underscore the slowdown in the US car market in February and March, when manufacturers scaled down the generous incentive programmes which had kept the market active over the Christmas. GM has suffered more than its main rivals from this deterioration, and has seen stocks rise sharply in a number of its product lines.

Four car plants will be affected by yesterday's decision. At both Arlington, Texas, and Van Nuys, California, the company will cut one of its current two shifts on April 14, reducing jobs by 1,700 in Arlington, and 2,190 in Van Nuys. Much smaller reductions are planned at Bowling Green, Kentucky, and Pontiac, Michigan, where the main impact will come from the reduction in line speeds. GM would not say how many cars were being trimmed from its annual output, but analysts believe that the production cuts could amount to around 3 per cent of the original output aim of a little over 2.5m vehicles.

M started 1986 with buoyant predictions for another good year in US car sales, which it expected to be helped by falling fuel prices. Increasing prices of Japanese vehicles have also helped to support the view that the US manufacturers could approach the record figures for car and light truck sales achieved last year.

Embattled Volcker fends off political challenge

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, the Federal Reserve Board chairman, has successfully fended off a challenge to the dominant role he has played within the US central bank in the formulation of economic policy since taking office in 1979.

Both the resignation of Mr Preston Martin, the Fed vice chairman, which takes effect at the end of April, and the circumstances leading to Mr Martin's departure have halted an erosion in Mr Volcker's influence. But there are lingering fears that creeping politicisation of the nominally independent bank and a continuing breakdown in the tradition of collegiate decision-making, could reassert itself in the months ahead.

In theory, the appointment of Mr Martin's successor could provide Mr Volcker's critics in the White House, notably Mr Donald Regan, the Chief of Staff, with an opportunity to choose someone who could be as big a thorn in Mr Volcker's flesh as Mr Martin became.

In practice, Washington seems to have been so traumatised by the attempted palace coup which Mr Martin led against his chairman that Mr Volcker's foes seem unlikely to feel strong enough to appoint another outspoken rival so quickly.

Even Mr Regan, whose dislike of Mr Volcker is well documented, has gone to extra-ordinary lengths to smooth troubled waters. Last week in an interview he even hinted that the White House might consider reappointing Mr Volcker to a third term next summer.

Nevertheless, further opportunities are expected to arise for the White House to appoint to the Fed board individuals ready and able to take issue with Mr Volcker's priorities. The present, idealogically-committed Administration has already appointed a relatively large number of Fed governors.

The effectiveness of Governor Martha Seger as a critic of Mr Volcker has been weakened by her scarcely-veiled public criticism of his style of leadership, by her attacks on the central bank's staff and by her decision to identify herself so closely with Mr Martin. Some suspect that the White House might not be unhappy to see her resign.

Governer Henry Wallich's recent illness was serious enough, although he is now back at work, to leave doubts about whether this staunch Volcker ally will decide to finish a term of office which does not expire officially until 1988.

But even if Wall Street's worst fears about further outbreaks of public disharmony at the central bank are not realised, there is a widespread conviction that events of the past few months are indicative of a tilt in the balance of Fed priorities towards boosting economic growth rather than fighting inflation.

Fading memories of double digit inflation in the late 1970s, the retirement of Fed governors who went through that inflationary trauma and the fact that today's prosperity is so unevenly spread across the country, help to account for this shift.

In addition, the ever-present suspicion of the Fed in a nation which believes political power should be exercised by elected, not appointed officials, also tends to weaken Mr Volcker's

James Baker . . . ally.

ability to set the nation's economic policy agenda.

Some of the key facts surrounding the extraordinary upheavals at the Fed since late February are known, but much remains unclear. What is not in doubt is that on Monday February 24—rather than the usual Friday—the Fed board voted four to three to cut the discount rate from 7½ per cent to 7 per cent with Mr Volcker, voting last, deciding to align himself with the minority. Had the vote stood, this stance left him poised for an early resignation.

Aligned against him were four Reagan appointed governors, conventionally but misleadingly referred to as "the Gang of Four." They included Vice Chairman Preston Martin, a man who had made no secret of his desire to succeed Mr Volcker as chairman.

Mr Volcker had apparently indicated that it was not the reduction in the discount rate he opposed, so much as its timing. The US would be moving first at a time when it was anxious to secure co-ordinated rate cuts by Japan and West Germany.

Within hours of the vote going against him, the board reconvened and voted to rescind the cut pending further efforts by Mr Volcker to secure the internationally co-ordinated move to lower interest rates which he and Mr James Baker, the US Treasury Secretary wanted.

The reversal appears to have been precipitated by Mr Wayne Angell, a Kansas banker and farmer who took up his appointment at the Fed only at the beginning of February.

Intense speculation continues over why he changed his mind. Some suggest that he realised that taking part in a potential coup d'etat against Mr Volcker was unwise when it was virtually his first significant policy initiative.

Others wonder whether he was persuaded directly or indirectly to change his mind.

Few doubt that Mr Baker will have been much relieved by the decision of the Fed board not to overrule its chairman after all. Mr Volcker and Mr Baker have emerged as political allies.

By March 6 and 7, just over a week later, Mr Volcker had secured the internationally co-ordinated discount rate cut he and Mr Baker wanted, although there are suggestions that both men would have been happier if Japan and West Germany had lowered their interest rates by a full percentage point, not the half point which the US matched.

On Tuesday March 17, the first newspaper reports of Mr Volcker's initial defeat on February 24 surfaced in a nationally syndicated column by Mr Rowland Evans and Mr Robert Nowak, journalists with good conservative connections in the Reagan Administration.

By the end of the same week Mr Martin resigned.

If the White House with the approval of the Senate appoints a successor to Mr Martin who is clearly not poised to mount another challenge to Mr Volcker's leadership at the Fed, then Mr Volcker would appear to be well placed to continue in office with his authority intact.

There are grounds for believing that calmer waters lie ahead for the Fed, assuming the economy remains steady. Mr Volcker's position has been reinforced within the central bank and he has won support from Mr Baker. A widespread desire seems to have developed for the Fed to present a more cohesive image.

But Mr Volcker no longer seems to be quite such an Olympian figure on the Washington stage, and that in itself has introduced a new element of uncertainty into the formulation of US economic policy.

Argentina eases UK trade and visa curbs

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA has begun to lift its ban on trade with Britain and is adopting an increasingly open door policy on visas for British subjects for the first time since the Falklands war.

The moves are being adopted discretely to avoid provoking a public outcry. But officials in Buenos Aires hope Britain will interpret the initiative as a concession by Argentina, which could pave the way for a resumption of talks on the future of the Falklands Islands in the longer run.

Evidence of a U-turn in policy has merged this week with traders in Buenos Aires confirming that the Government has authorised several shipments of meat to the UK and Hong Kong. British companies operating in Argentina are also reporting that Government surveillance of UK assets is being relaxed.

Traders in Buenos Aires yesterday confirmed that the Argentine Government has also authorised the visit next week of British veterinary inspectors to check on the health standards of corned beef destined for the UK. However, it was emphasised in London that these inspectors were being sent under the auspices of the EEC Commission and that this was not a bilateral matter.

Argentina has authorised so far this year the direct import of UK made equipment. The most important authorisation is expected soon when the state airline company Aerolineas Argentinas will receive the first of three long delayed flight simulators built by Rediffusion.

Robert Mauthner, Diplomatic Correspondent, writes from London: The Foreign Office said it had not received any indications that Argentina had relaxed its restrictions on trade with Britain. But British officials stressed that, if there had been a change in Argentine policy in this field, it was a very welcome development.

The British government's view all along has been that confidence-building measures, such as closer trade relations, would contribute to an overall improvement in the relationship between the two countries

CIA move on Soviet nuclear test assessment

By Our US Editor

THE US Central Intelligence Agency has changed its formula for measuring the yield of Soviet nuclear tests after deciding that its previous estimates were too high, according to Administration officials. The change has led to a reassessment of past US charges that Moscow has violated the 1974 threshold test ban treaty, which limits underground tests to 150 kilotons.

The CIA decision, taken in January, was opposed by some Pentagon officials, the New York Times reported yesterday. The new method is said to provide a more accurate reading of how geological conditions at Semipalatinsk, the main Soviet test site, affect the dispersal of sound waves from underground explosions. It could lower US estimates of the yield of Soviet tests by 20 per cent.

The Administration is still reviewing whether this means that Moscow has not in fact violated the 1974 treaty, as Washington has frequently charged. Some officials, however, say that even using the new measure, a number of past Soviet tests were well above the 150 kiloton limit.

Soviet violations of nuclear agreements have frequently been used by hardliners in Washington as an argument against new arms control treaties. The Administration has insisted that there can be no new agreements on nuclear testing without adequate verification procedures, preferably including on-site inspections.

In February, President Reagan invited Soviet scientists to observe a new, more accurate American system for detecting underground explosions at the US Nevada test site later this month—an offer that Moscow has declined.

US to reject fresh bid for talks from Gadaffi

BY OUR US EDITOR IN WASHINGTON

THE REAGAN Administration is to reject a new bid by Colonel Muammer Gadaffi, the Libyan leader, to open a diplomatic dialogue with the US through third party channels, according to reports in Washington yesterday.

Colonel Gadaffi's latest effort to open contact with the US was said to be in the form of a "message" awaiting Vice President George Bush when he arrives in Saudi Arabia at the end of the week.

The message was delivered to Riyadh by two high-ranking Libyan envoys last week, three days after US forces retaliated against a Libyan missile attack in the disputed Gulf of Sirte, the Washington Post reported. Administration officials said that they had no intention of responding to the Libyan message.

Washington has consistently said it will not talk to Colonel Gadaffi until he changes his behaviour. On Tuesday, Mr Bush said: "Gadaffi has not changed his spots and it doesn't look to me like he's going to change them."

Meanwhile, Administration officials confirmed that the US had sought Egyptian participation in joint military action against Libya.

The Washington Post yesterday published renewed reports that secret US-Egyptian planning of a military operation to overthrow Col Gadaffi had gone a long way

The paper concluded, however, that the plans had probably been dropped after Egypt rejected the idea

US organised crime 'earns $75bn a year'

ORGANISED CRIME in the US is a $100bn (£68bn) a year operation that will make more than $75bn profits this year and cost the country 414,000 jobs, according to a presidential commission, Reuter reports from Washington.

The Commission on Organised Crime yesterday estimated that rackets like drug trafficking, gambling, prostitution and loan-sharking have become so widespread as to rival the size of the US metal or textile industries.

The commission report said organised crime this year would mean lost tax revenues of $6.5bn and drive up consumer prices in industries like construction, trucking and rubbish collection.

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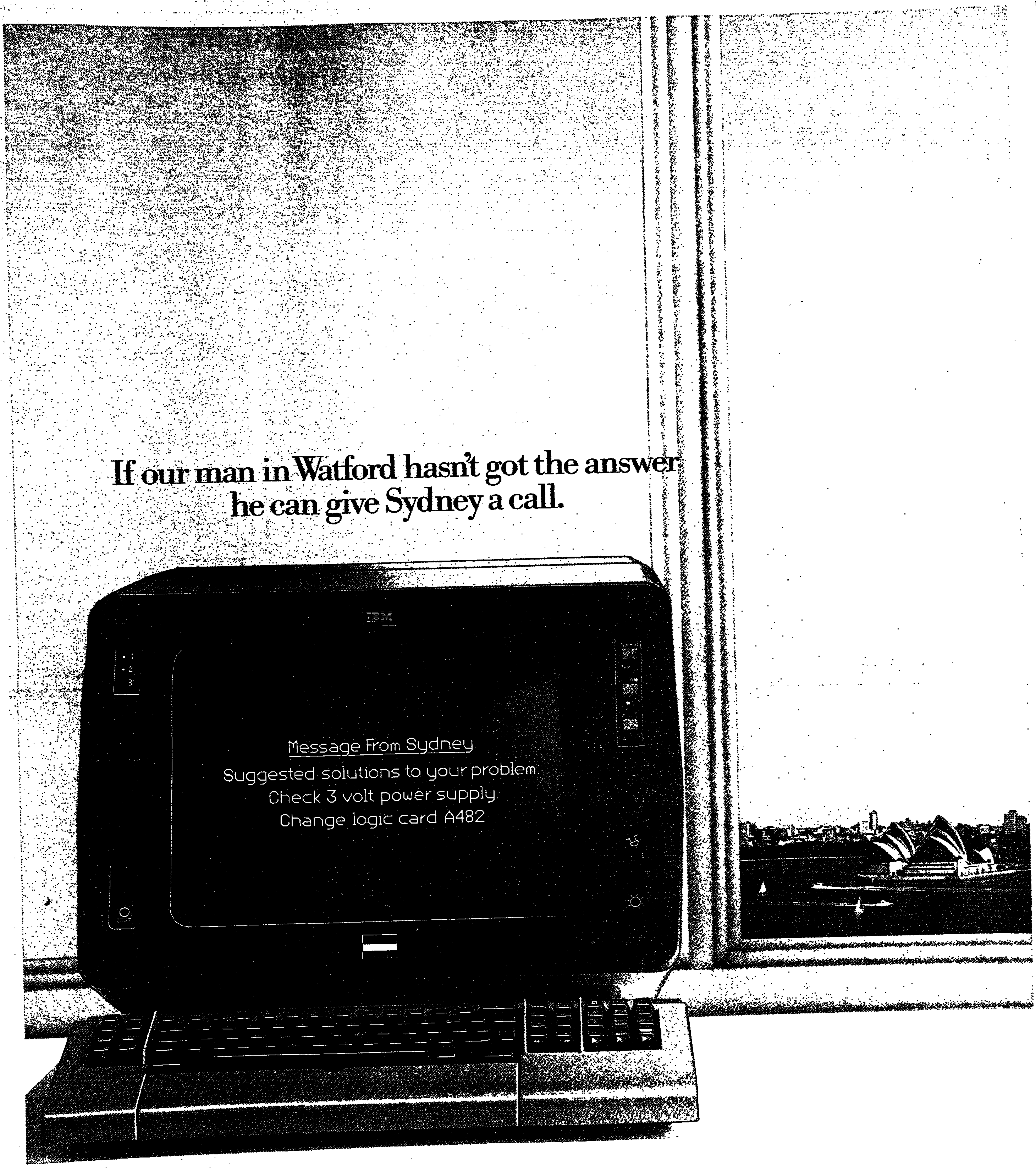

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WORLD TRADE NEWS

Cash crisis hits China Jeep venture

A JOINT venture in China involving the American Motors Corporation of the US faces a cash crisis because it is owed millions of dollars by Chinese organisations, Reuter reports from Peking.

AMC owns 31.3 per cent of Beijing Jeep Corporation (BJC), which is producing the first US-designed current-model vehicle to be made in China, a four-wheel drive Cherokee Jeep consisting largely of imported complete knock down (CKD) kits. It is regarded as a pioneer joint venture.

AMC's partner in the joint venture, state-owned Beijing Automotive Works (BAW), owes BJC Yuan 30m (£6.3m) industry officials said. BAW also functions as a separate company.

The officials said BJC is also owed $2m in foreign exchange by a Chinese state organisation as part payment for 300 jeeps. "BJC is scrambling to get cash to buy engines and parts. If the debts are not settled, it will have to stop production next month," they said.

BJC has sold 464 Jeeps since starting production last September against a target of 1,200, and has received no new orders in 1986, they said.

"No one has, or is willing to part with, the foreign exchange BJC needs to import new CKD kits for the Jeeps."

Mr Don St Pierre, the BJC president, said the company has serious foreign exchange problems which will probably affect planned production levels unless resolved shortly.

Mr St Pierre said AMC has not had second thoughts about joining the venture. "Getting out would be a big step—but we need quick results," he said. "We remain confident that a resolution will be found to our current problems," he added.

AMC, which invested $16m (£10.6m) in BJC in 1983, said last September it planned to produce 4,500 Jeeps in 1986 and to export them eventually to other Far Eastern markets. The sources said BJC's 1986 production will be 1,500 Jeeps.

A foreign legal consultant in Peking said AMC faces a dilemma. "If AMC pulled out, it would give China such a shock they would improve conditions for other joint ventures and make it better for AMC's competitors. But if AMC stays, the Chinese will force every concession," he said.

Other foreign car makers involved in manufacturing in China include Peugeot, Fiat, Daihatsu and Volkswagen.

One Western diplomat said many joint ventures in China were having trouble acquiring foreign exchange, after tight controls imposed last year in the wake of an import spree

Bangemann to press Moscow for contracts

By Peter Bruce in Bonn

MR Martin Bangemann, the West German Economics Minister, begins two days of long-scheduled trade talks with his Soviet counterparts in Moscow today, during which the Germans are expecting once again to try to secure a large slice of the contracts due under the new Soviet five-year economic plan.

Bonn is Moscow's biggest Western trading partner. Total trade volume reached DM 24.2bn (£7.1bn) last year, with the Soviets enjoying a DM 3.1bn surplus. The West Germans are particularly keen this year to win upcoming contracts for mechanical engineering, iron and non-ferrous metal plant.

UHDE, a process plant builder and a subsidiary of the Hoechst chemicals group, has also emerged recently as a major competitor for a multi billion dollar polyester complex near Moscow. British and Japanese companies are also bidding for the complex but Economics Ministry officials in Bonn have hinted that the UHDE bid is receiving strong official support.

Mr Bangemann's task in Moscow is likely to have been made more difficult, however, by the fact that it was he who, last week in Washington, put the West German signature to documents formalising West German participation in the controversial US Strategic Defence Initiative (SDI) research programme.

Moscow had repeatedly warned Bonn that West German support for SDI would harm bilateral relations and it attacked the signing of the accords as posing "a mortal danger."

Before leaving for Moscow, Mr Bangemann stressed that SDI was not a trade issue and would not be raised during the talks.

US reviews favoured import list

PRESIDENT Ronald Reagan has ended favoured import treatment for millions of dollars worth of goods that developing countries hope to sell the US in the coming year, AP reports from Washington.

They included South Korean pianos, Mexican beer, Taiwanese sewing machines and calculators, Hong Kong jewellery and toy animals, Argentinian leather and telephones and radios from several east Asian countries.

A spokesman for Mr Reagan said in Santa Barbara, California, the action was taken in accordance with US law requiring annual review of product coverage under the generalised System of Preferences (GSP).

The system exempts goods shipped by poor countries from normal US customs duties until they capture specified proportions of the American market. While 149 items imported for $2.4bn (£1.7bn) last year were "graduated," from the programme and ruled ineligible for the concession after July 1, five products regained eligibility.

In a separate proclamation, Mr Reagan removed certain ethanol mixtures produced by countries such as Brazil from the list of products eligible for duty-free treatment.

Japanese lead in W. Europe commercial vehicles market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE producers as a group took the lead in Western Europe's commercial vehicle market for the first time last year, mainly because Renault of France lost so much ground.

The Japanese accounted for 15.1 per cent of the 1.42m commercial vehicles sold in Western Europe in 1985, increasing registrations by 12.6 per cent from 190,836 in 1984 to 214,918.

The Japanese have dominated the West European medium van market since taking top place in 1983. But all their gains last year were made in the car-derived van and micro-van sector.

In 1985 the sector accounted for 429,100 registrations, up from 418,800. The Japanese share rose by 1.9 percentage points to 13.2 per cent.

This is the sector which Renault has traditionally led through its strength in the French car-based van market. However, last year Renault's penetration of the West European sector slumped from over 30 per cent to 23.2 per cent because of a weak performance in its domestic market.

Meanwhile, its local rival in France, the Peugeot-Citroen-Talbot group, introduced the Visa van and boosted its Western European sector share from 18.2 per cent to 24.7 per cent.

Renault has now re-established its position as producer of France's best-selling van following the launch of one based on the new R5, called the Renault Express in France but known in the UK as the Extra van.

The Japanese last year held on to top place in the medium van sector, the biggest, where total West European sales rose from 639,400 to 679,300. Their share slipped only slightly from 21.4 per cent to 21.2 per cent.

Volkswagen of West Germany was in second place in the sector with 14.9 per cent (15 per cent in 1984) and Ford of Europe third with 12 per cent (13.4 per cent).

Sales of heavy commercial vehicles (over 3.5 tonnes gross weight) increased from 249,000 to 251,900 last year and Daimler-Benz, the Mercedes group of West Germany increased its lead with a 27 per cent share, up from 25.6 per cent in 1984.

Iveco, Fiat's subsidiary, took second place in the heavy-weight sector with 11.7 per cent (11.4 per cent) followed by Renault with 10 per cent (11.6 per cent).

The Japanese are practically excluded from this part of the commercial vehicle market because of their voluntary agreement not to export trucks of 3.5 tonnes and above to European Community countries. Their share of the heavy sector last year fell from 2.6 per cent to 2.5 per cent.

WEST EUROPEAN COMMERCIAL VEHICLE MARKET
(Market shares in %)

	1983	1984	1985		1983	1984	1985
Japanese	13.2	14.6	15.1	Daimler-Benz	9.4	9.1	9.2
Renault	16.5	14.1	14.1	Volkswagen	9.3	8.7	8.7
Peugeot/Citroen/Talbot	11.0	10.0	13.0	General Motors	4.1	4.5	4.5
Ford	10.5	10.6	10.0	BL	4.6	4.3	4.4
Fiat	9.7	10.2	9.9	Total market	1,348,400	1,307,100	1,423,300

Figures relate to 14 countries. Industry sources

West German engineers warn of exports blow

West German plant exports to member countries of the Organisation of Petroleum Exporting Countries (Opec) will fall drastically this year due to the slide in oil prices, Mr Peter Jungen of the West German engineering industry association VDMA said, Reuter reports from Munich.

Lower oil revenue meant Opec countries may cancel or postpone plant orders and projects this year, he said at a trade fair.

Business with the Soviet Union may be affected by the price decline for oil and gas, Moscow's main hard currency earners. The weakness of the dollar also injected an element of uncertainty about business with the US, he said.

Mr Jungen, who heads the VDMA's department for construction equipment and building material machinery, said this sector of the engineering industry should see real production growth of up to 5 per cent this year after a real 10 per cent rise in 1985.

The real rise in construction equipment output last year marked the first year of growth since 1980. Exports accounted for a record 81 per cent of the sector's 1985 business worth DM 7bn (£2.05bn). The construction and building materials sector includes the building of of some plants such as cement factories.

Mr Jungen said incoming orders for construction equipment and building materials fell 7 per cent in February compared with a year earlier as foreign orders declined sharply.

UK bank arranges Soviet loan

By Christian Tyler, Trade Editor

AN UNUSUAL method of financing a large construction project has been arranged in London for Italian contractors who are to build a $40m (£95m) plastics plant in the Soviet Union.

Morgan Grenfell, the London merchant bank, said it had arranged a long-term *à forfait* deal on a fixed interest loan that will run for 13½ years.

The loan, of around $30m, is being provided to the Soviet bank for foreign trade, to finance a contract won by the Italian Technimont. Forfait transactions normally run on three to five-year loans.

The loan will be at undisclosed rate of interest, subsidised by Mediocredito Centrale, the official Italian agency, but without credit insurance.

The bank said yesterday the agreement with the Russians was exceptional on two counts. The Italian company had not been involved in the financial negotiations, and would carry no balance sheet risk.

Furthermore, the customary "disaster clause" in buyer credits was not necessary.

Norwegian exporters offered product liability insurance

BY FAY GJESTER IN OSLO

NORWEGIAN companies exporting to the US, Canada and Puerto Rico will soon be able to buy relatively cheap insurance cover against the costly product liability claims which exporters encounter by trading in these markets.

Backed by Norway's export council, two Norwegian insurance companies — Vesta and Uni — yesterday unveiled plans for an insurance pool, scheduled to begin operating from July 1, which aims primarily to meet the needs of small and medium sized Norwegian companies.

Such companies account for the majority of the 1,800 Norwegian groups selling products to the North American markets. Few are even aware of their potential liability, under America's legal system, for damage caused by products they sell. Fewer still have the resources to meet the claims they could face.

As well as providing cover — up to $10m (£6.9m) per member per single year — the pool will give its members the kind of technical guidance — on packaging and labelling, for example — which will reduce their chances of incurring claims.

Vesta and Uni have reached an agreement with US insurance company Chubb which will handle cases on the pool's behalf, engaging lawyers with appropriate qualifications.

Other Norwegian insurance companies have been invited to join the pool, but Vesta and Uni will continue to lead it.

Vesta said yesterday that if enough Norwegian exporters joined, it might be possible to boost annual cover to a maximum of $15m; the higher the volume, the easier it would be to secure re-insurance. Other Scandinavian countries establishing similar pools would also facilitate re-insurance.

Premiums will be calculated in relation to each member's annual sales to the North American market, and will vary according to product type.

The system will cover only exports of goods — not services — and some products regarded as particularly risky have been excluded. They are: marine craft and vessels except for leisure craft; pharmaceuticals; fertilisers; explosives; fish farming equipment; aircraft and space craft parts; and tobacco.

Howe tells India of scope to lift exports

BRITISH Foreign Secretary Sir Geoffrey Howe said yesterday there was great potential for increasing Indian exports to Britain, especially those of electronic and engineering goods, AP reports from Bombay.

"Ours is an open-market economy with low-tariff structure and strong propensity for import," Sir Geoffrey said at a meeting of the Bombay Chamber of Commerce.

Apart from traditional exports of tea, leather and textiles, Indian companies could realise the "tremendous scope" for supply of high-technology components.

"In the engineering and electronic industry, Indian skills and achievements are creating world-class products," Sir Geoffrey said.

Voest-Alpine deal

Voest-Alpine, of Austria, said yesterday its shipbuilding subsidiary signed a deal worth Sch 1.8bn (£75m) with the Soviet foreign trade organisation Sudoimport/Sodotekhflot to build 10 refrigerator ships, Reuter reports from Linz. Oesterreichische Schiffswerften, of Linz-Korneuburg, signed the agreement yesterday in Moscow adding the contract would improve its capacity utilisation. State-owned Voest-Alpine is Austria's largest industrial concern.

BL trims losses but car division still in deficit

BY JOHN GRIFFITHS

BL, THE state-owned vehicles group, made slight progress last year in reducing its losses. But the Austin Rover cars division again failed to break even, and the combined losses of the Leyland truck and bus operations remained above £50m.

The commercial vehicles results emphasise the difficulty the Government faces in achieving privatisation, after the withdrawal by General Motors (GM) of its offer to take over the trucks operation and Land Rover.

However, the Land Rover group, which includes freight Rover vans, was the only one of BL's principal operations to make an increased operating profit, of £10m compared with £2m in 1984. After GM's withdrawal, Land Rover remains the subject of bid proposals from a management buy-out consortium and Mr Tiny Rowland's Lonrho group.

ARB Holding, which chiefly comprises Austin Rover and BL Technology, produced an operating loss of £6m, compared with a loss of £26m in 1984. The operating loss of Leyland Group, comprising trucks and buses, was £52m, down from £61m.

Unipart, BL's parts and accessories division, saw its own attraction for privatisation reduced as the result of an operating profit down sharply, to £8m from £14m in 1984.

The BL Board, in announcing the preliminary financial results yesterday, emphasised that the disposal of Jaguar prevented direct, formal comparisons between last year's results and those of 1984 beyond the operating level.

BL's operating loss was £39.5m last year, compared with one of £86.5m in 1984 when adjusted for Jaguar's disposal.

At the pre-tax level, the results show an increase in loss to £110.3m compared with 1984's published loss of £73.3m. However, Jaguar contributed about £52m to BL's revenue during the first eight months of 1984 during which it was under BL ownership. So without the Jaguar contribution, a more representative pre-tax loss figure for 1984 would be around £125m.

Comparisons of BL's net loss, after extraordinary items, of £138m with 1984's published profit of £80.6m are made even more problematical by the Jaguar disposal. Profits in 1984 reflected £167m in proceeds from the sale of Jaguar. When adjusted for both the sale proceeds and loss of Jaguar revenue, it is likely that BL's net loss for 1984 would have been in the region of £140m.

Additionally, last year's figure includes £22.2m in extraordinary expenditure on further restructuring, mainly at Austin Rover and Leyland.

The £27m improvement at the operating level is thus likely to have been reflected closely in the net loss. BL said that "significant" progress had been made, despite "a further intensification of competitive conditions in all markets in which BL companies operate." Vehicle production rose by 21 per cent to 557,000 units and sales rose by 12 per cent to 542,000.

Turnover increased to £3.42bn from £2.96bn, with exports up 28 per cent at £764m. Austin Rover unit sales rose by 14 per cent to 479,500 units world wide, with exports to the rest of Europe increasing by 27 per cent to 105,000 units.

Airlines set for N. Atlantic fares war

By Michael Donne, Aerospace Correspondent

A PRICE WAR on the North Atlantic air route this summer now seems inevitable. Airlines flying between the US and the UK are trying to stimulate traffic by cutting fares to fill additional capacity being offered on the route.

British Caledonian (BCal), which flies between Gatwick and New York, Los Angeles, Atlanta and Dallas/Fort Worth, has announced new "late saver" cheap rates on those routes this month and next, cutting £74 off the Gatwick–New York weekday return (£288 against £362), or as much as £114 off the weekend cheapest rate (at present £402 return for an Advanced Purchase Excursion Ticket).

Recently, Virgin Atlantic, which also flies between Gatwick and New York (Newark), announced substantial cuts in its own rates for the coming summer season.

Mr Dan Brewin, BCal's general manager, UK sales, said yesterday: "We are not only matching anything our competitors may do on the important routes of New York and Los Angeles, but lead the field in reducing fares to Atlanta and Dallas/Forth Worth."

The proposed BCal rates are still subject to approval by the Civil Aviation Authority. They will be valid for any flight originating in the UK during April and May, provided the return journey is made before June 30.

Concern at the possibility of a fares war has already been expressed by the International Air Transport Association (Iata).

Every month in the past winter there have been some 750,000 empty seats on the North Atlantic routes. This was equivalent to up to 100 DC10s flying empty each way every month, Mr Gunter Eser, director general of Iata said.

Iata believes that many airlines flying the North Atlantic intend to increase the number of seats on offer this summer. It says this would lead to many airlines seeking fares cuts to win traffic.

BBC plans satellite television version of radio World Service

BY RAYMOND SNODDY

THE BBC has decided in principle to start a world television and current affairs service – a television version of the radio World Service.

The aim is to begin with one or two half-hour programmes of international news a day. The programmes would be made principally for international audiences but would also be shown on BBC2, the BBC's second television channel.

The service would be delivered by satellite and could then be carried on cable networks or re-broadcast by local broadcasters. Mr Austin Kark, managing director of BBC External Broadcasting, said yesterday he believed the BBC was uniquely placed to offer such a service because of the skills available in both its External Services and current affairs television.

"We also believe that a start has to be made if Britain is to remain in the forefront of international broadcasting," Mr Kark said.

The decision in principle to go ahead was taken after a working party looked into the issue. A full-time planning team is to be appointed to produce an "action plan" by August. It is not yet clear when such a service could begin or how much it might cost.

When a detailed plan is produced, government and parliamentary approval will be sought for whatever additional grant-in-aid funding for External Services is needed. The External Services of the BBC are entirely funded by Foreign and Commonwealth Office grants.

In February 1984, Mr Douglas Muggeridge, then managing director of External Services, appealed to the Government to start thinking about a television version of the World Service. The BBC, he said, had an estimated 100m regular listeners for its external broadcasts but there was a question mark over how well radio could compete with the longer-term growth of satellite television.

Mr Ted Turner, an Atlanta-based entrepreneur, has since brought his 24 hours a day news service CNN to Europe. The US Information Agency is also running Worldnet, which provides programmes and international news links by satellite.

SE may extend trading day

BY JOHN MOORE, CITY CORRESPONDENT

THE LONDON Stock Exchange is considering extending its trading hours. A feasibility study is being prepared by the markets committee of the exchanges' ruling council, which will submit its findings in the next few weeks.

In the stock market there are suggestions that the stock exchange could open its doors at 9.00am London time for trading, half an hour earlier than at present.

Part of the pressure for change has come from members of the London International Financial Futures Exchange (Liffe). For some time members of Liffe have been urging their ruling body to allow earlier trading in the gilts (government stocks) futures contracts.

Mr Brian Williamson, chairman of Liffe said yesterday, "There is a lot of business that we are missing. We would like to open earlier in the gilts contracts and there is nothing to stop us. But we like to start trading at the same time as the cash markets."

At present the earliest that the futures exchange starts trading in any of its contracts is 8.15am London time. Futures dealers start trading on the exchange in other contracts up until 8.38am, but trading in the gilts contracts does not start until 9.30am. This is the time that trading starts in the gilt-edged market on the stock exchange.

So far the futures exchange has delayed its plans to start trading in the gilts contracts in the hope that the stock exchange will bring its trading period forward.

The futures exchange already starts futures trading based on the US bond market from 8.15am. London time.

If the stock exchange goes ahead with plans to extend its trading period it will apply the same starting times for the equity market. The markets committee is studying the implications for companies with shares listed on the stock exchange who make pre-trading announcements in order to prevent false markets being created in their shares.

● Guinness Peat Group, the merchant bank, and Henderson Crosthwaite, the stockbroker, yesterday announced that negotiations had reached an advanced stage for the acquisition of 100 per cent stake in the firm by Guinness Peat.

Celltech to form link with drug group

BY DAVID FISHLOCK, SCIENCE EDITOR

CELLTECH, the British biotechnology company specialising in the Nobel prizewinning discovery of monoclonal antibodies, is about to announce a collaboration with a pharmaceutical group to use such an agent in cancer treatment.

Monoclonal antibodies were discovered in Cambridge in 1975 but their commercial uses have been confined so far to the diagnosis of diseases and of other conditions such as fertility and pregnancy.

Celltech has developed ways of making specific monoclonal antibodies in bulk quantities for further processing and packaging by its customers. It has obtained the first licence awarded by the US Food and Drug Administration (FDA) for its methods of bulk manufacture.

Mr Fairtlough, Celltech's chief executive, said his company was supplying four other companies with substantial amounts of monoclonal antibodies to package under their own name.

They are Ortho Pharmaceuticals, Centocor and Hybritech, all in the US, and a fourth firm which does not want to be named.

Mr Fairtlough said Celltech was also supplying many more companies with small quantities in a business worth several million pounds a year and growing rapidly.

He said he could not confirm reports that Ortho was about to announce FDA approval for an application of monoclonal antibodies to counter rejection of kidney transplants.

Scottish newspaper dispute settled

THE DAILY RECORD, the biggest selling Scottish daily newspaper which is owned by Mr Robert Maxwell, chairman of Mirror Group Newspapers, is due to be published today after a three-week stoppage, Helen Hague writes.

Under the terms of a peace formula accepted yesterday by journalists and printers, all sacked employees on the Daily Record and its sister paper the Sunday Mail have been reinstated. A five-day week for staff has been generally reintroduced.

Negotiations will now begin on Mr Maxwell's plans to cut costs, which include the shedding of a quarter of the 1,050 workforce by voluntary redundancy and early retirement. These talks are due to be concluded by April 30.

The immediate cause of the shutdown was a dispute over the right of reply by the print union Sogat '82 to an editorial critical of the union. Sogat reached an agreement on the issue last week but its members refused to cross the picket lines of 230 journalists who had gone on strike over redundancies planned as part of Mr Maxwell's reorganisation of the titles. Mr Maxwell then sacked the workforce.

□ CEMENT PRICES will rise in Britain by 4 per cent in July. The industry is introducing a new discount for customers taking large loads of 19.5 tonnes or more and lifting the premium for those taking small lots.

The discount will amount to about 65p on the standard price per tonne which is being increased from £45.61 to £47.43.

□ THE LEADER of the Official Unionists in Northern Ireland, Mr James Molyneaux, distanced his party from violent loyalist protests against the Anglo-Irish agreement. He told Protestants they should resist being used as "riot fodder."

□ UNIONS representing 30,000 manual workers in the chemicals industry rejected a pay offer from the Chemical Industries Association which would raise weekly minimum pay from £90.25 to £95.95.

□ UK AIRLINES will be able to start up to 14 new scheduled services to Spain this summer as a result of an Anglo-Spanish agreement.

Cash aid plea for tin mine

Financial Times Reporter

AN MP yesterday called for £1m of interim state funds to prevent the loss of 300 jobs next week at the Geevor tin mine in Cornwall.

Mr David Harris, a Conservative MP whose constituency includes the mine, has written to Mrs Margaret Thatcher, Prime Minister. He said the £1m would help to keep the mine open while its application for £20m aid is being considered.

Mr Harris said the closure threat at the mine, brought about by the international tin crisis, would devastate the region of Cornwall and raise the male unemployment rate there to more than 40 per cent.

Mr Keith Wallis, Geevor chairman, said default of the International Tin Council and suspension of tin trading on the London Metal Exchange had deprived the company of more than £1m which could have been used to protect installations pending the outcome of the application for Government aid.

Customs urged to fight trade in pirated videos

BY RAYMOND SNODDY

THE CUSTOMS and Excise is to set up a working party to see how the illegal export of copies of films and television programmes from Britain can be prevented.

Pirated video cassettes of British films and television programmes are *turning up all over the word* leading to a loss of revenue and potential employment.

The Video Copyright Protection Society (VCPS), set up by the Independent Television Companies Association, the Society of Film Distributors and BBC Enterprises, believes the annual cost could be £50m, although there are no precise figures.

The VCPS asked the Treasury to set up the working party which may be extended to look at the problems of piracy of other forms of intellectual property such as books.

The society wants the Government to make it an offence to export video and television programmes other than those properly obtained, and require the Customs and Excise to seize illegal cassettes.

Mr Graham Wadsworth, chief executive of the VCPS, says copies of British programmes are carried out of the country by individuals, *posted and sent by air freight.*

The result is that cassettes of such programmes such as Brideshead and Jewel in the Crown are widely available in the Middle East where rights have never been sold. As an example the Treasury was given lists of films and television programmes on offer in video clubs in Cairo.

Mr Wadsworth has also written to commercial attaches at British embassies throughout the world.

● The British record industry is to stop supplying music videos to broadcasters free of charges from the end of May. The decision for a boycott has been taken by the British Phonographic Industry (BPI).

UK NEWS

Nissan dealers told to raise sales by a third

BY JOHN GRIFFITHS

NISSAN UK's dealers have been told they are expected to sell 135,000 cars this year – an increase of nearly a third on 1985.

Such a target could not be achieved without breaching the Anglo-Japanese voluntary agreement restricting Japanese cars to 11 per cent of the UK market unless major changes were made to the present framework surrounding Japanese car sales.

The treatment for quota purposes of the initial production from Nissan's UK factory would have to be taken into account. The plant, at Washington in north-east England, is due to start operations in July.

The dealers were told by Mr Bill Daulby, Nissan UK's sales director, at a meeting in London last month that the company, a private importer controlled by Mr Octav Botnar, would have 135,000 cars "available" and that Nissan UK expected the network to sell them.

The Society of Motor Manufacturers and Traders (SMMT) is to raise the question of Nissan sales volumes in the UK at next month's meeting between the SMMT and the Japanese Automobile Manufacturers' Association (JAMA).

Some dealers are also attempting to have the issue raised in the House of Commons in the form of a question to Mr Paul Channon, Industry Secretary, asking him to explain how Nissan UK's target as declared to them might be achieved.

"Mr Daulby left no doubt in any of the dealers' minds that this was the target being set for this year," said one dealer who has accepted reluctantly a substantial rise in his own sales commitment this year.

Mr Botnar said that by using the 135,000 figure Nissan had been seeking to encourage its dealers towards higher sales goals. "Of course, we cannot exceed the SMMT-JAMA agreement. We expect to order about 105,000 cars this year" – similar to the 1985 level.

He suggested there was possible room for manoeuvre on cars produced at Washington, where the initial production target is 24,000 cars a year assembled from largely Japanese components.

They were still subject to the import quota, but, he said, their treatment might change if Nissan were to bring forward an announcement – expected next year – committing itself to produce up to 100,000 cars a year with eventual 80 per cent EEC content.

Paul Channon: questions over voluntary quota

Nissan UK says it is spending £100m on dealer network development to cope with a hoped-for sales expansion to 10 per cent of the new car market when that second phase of production starts at Washington.

For 135,000 sales to be achieved, one of these changes would have to occur:

● Government agreement to an increase in the 11 per cent ceiling. The Department of Trade and Industry (DTI) says that this is not in prospect.

● Japan's Ministry of Trade and Industry, through the Japanese Automobile Manufacturers' Association, would make cuts in the shipments of other Japanese producers to accommodate the Nissan increase. This would allow the 11 per cent ceiling to be observed.

Whether this is being considered is unlikely to become apparent until after next month's JAMA-SMMT talks. But Nissan in London said it was unaware of any plans to seek a change in the shares allocated among the Japanese car makers.

● The Government could allow initial Washington production to be treated as British and not part of Nissan's import quota. But the DTI said this was also not in prospect.

● Unprecedented expansion of the UK car market this year to about 2.25m units from last year's record 1.82m. This would allow Nissan to retain its historical 6 per cent market share but is considered a remote possibility.

Oil blot on Lawson's budget arithmetic

BY GEORGE GRAHAM

BY THE time of his budget last month, Mr Nigel Lawson, the Chancellor of the Exchequer, had already seen likely Government revenues from the North Sea nearly halved as oil prices fell. "I can live with that," Mr Lawson said.

In the following two weeks, however, the oil price has dropped further. Rather than the price of $15 a barrel assumed in the Chancellor's budget arithmetic, a figure of $10 is no longer out of the question.

This directly affects the Government's income from petroleum revenue tax, as well as receipts of corporation tax from oil sector companies.

If the oil price were to remain around $10 a barrel, and the exchange rate to stay at its current level, North Sea revenues could therefore drop in 1986-87 to around £3bn, not the £6bn estimated in Mr Lawson's budget report, or the £11.5bn received in 1985-86.

The overall effect of lower oil prices on both output and inflation in the UK, on the other hand, should be "broadly neutral – if anything, slightly beneficial," according to the Treasury.

Lower oil costs should be offset by the exchange rate, which would be expected to fall in response to the probable drop in the UK's trade surplus. A fall of around £1.5bn from the Treasury's projected oil trade surplus of £5bn in 1986 would be likely if oil prices remained at $10.

The exchange rate, however, has remained obstinately high. As measured by the Bank of England's trade-weighted index, the pound has been trading around 76, scarcely 2½ per cent lower than it did when the oil price stood at $26 a barrel.

The sterling/dollar exchange rate directly affects oil tax revenues, but the overall strength of the pound also affects the prospects for the Government's non-oil revenues.

With rising company profits, these revenues have been stronger than hoped for in recent months. They might be expected to grow further as a result of lower oil prices, which would cut energy costs and reduce inflationary pressure on wages.

The high exchange rate, however, affects the competitiveness of British exports, and could damage economic growth in the coming years. Mr Keith Skeoch, chief economist at stockbrokers James Capel & Co, estimates that the sterling index would need to move below 70, and possibly to 65, to maintain competitiveness.

In a set of simulations earlier this year, Capel forecast that a $10 a barrel oil price combined with an unchanged exchange rate would virtually eliminate inflation after three years, but it would kill off economic growth. It would also add some 200,000 to unemployment in three years.

The further drop in the oil price has not yet caused the Treasury to run to its economic model for a revised forecast of its revenues in 1986-87. Mr Lawson last week told the Treasury and Civil Service Committee of the House of Commons that there was no reason at present to depart from the budget assumption of $15 a barrel, and added that he was happy with the current pattern of exchange rates.

Labour sets out consumers' charter

BY IVOR OWEN

MORE STRINGENT penalties for "rogue" directors associated with bankrupt companies and restrictions on the legal defence available to drug companies which market defective products are advocated in a new "consumers' charter" published by the Labour Party yesterday.

A statutory code of advertising practice, to be administered by an independent body such as the Office of Fair Trading, is also proposed. Dealing with "rogue" directors, the document argues that new measures introduced this year by the Government through the Insolvency Act do almost nothing to help consumers who are owed money.

"Labour believes that much firmer action is needed to prevent company directors from liquidating one business and then starting up again as if nothing had happened."

The document suggests that directors of liquidated companies should normally be disqualified from holding a similar position in another company for a specified period, especially if they have been involved with more than one bankrupt company.

Consideration must also be given to imposing a greater degree of personal liability for company directors, and consumer creditors should be given a higher priority when liquidated assets are distributed.

Urging a less flexible approach to the framing of legal provisions to deal with product liability, the document criticises the Government for failing to fully support a draft directive proposed by the EEC Commission.

'Doubt' on tighter insurance rules

By Nick Bunker

THE PUBLIC is sceptical about the value of new consumer protection measures to regulate the sale of life assurance, according to a survey commissioned by a leading life assurance company.

Sun Life of Canada, which published the results yesterday, said 63 per cent of adults questioned believed that whatever measures were introduced investors would still lack protection against "rogue" companies or salesmen.

The survey supported the view of many MPs that the Government's Financial Services Bill should provide consumers with clearer guidance about the anticipated surrender values of life policies.

About 42 per cent of people interviewed placed a high priority on obliging salesmen to make clear what consumers get back if they cash in or surrender a policy early.

The survey's publication comes as the Marketing of Investments Board organising committee is completing its rules governing life assurance as required under the bill, now on its way through Parliament.

It shows that 54 per cent of adults interviewed are satisfied with their present consumer rights when buying life assurance. Of those who had recently taken out life assurance, only 8 per cent said they had any complaints.

A high proportion of "don't know" answers suggests, however, that there is significant public uncertainty about the nature of existing consumer protection.

The survey found that 40 per cent of adults did not know that there were obligatory "cooling-off" periods governing the sale of some policies. Only 33 per cent were aware of the existence of the Insurance Ombudsman.

Policy on takeovers clarified by big bids, says Borrie

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT's policy on takeovers and mergers has been clarified rather than confused by the recent spate of major bids, Sir Gordon Borrie, director general of fair trading, suggested last night.

Sir Gordon, who was speaking at the annual dinner of the Finance Houses Association, said: "It is quite wrong to suggest that recent events have somehow left existing policy and procedures in a state of chaos."

He suggested that in at least three respects the Government's policy was clearer now as a result of the Office of Fair Trading (OFT) and Department of Trade and Industry experiencing a number of "high-profile" merger cases in the past few months.

Sir Gordon's comments come in advance of a new Government review of its competition and merger policy, expected to be announced shortly. His views indicate that the OFT may not call for substantial amendments to the existing policy towards mergers when it is asked to give evidence to the review.

Sir Gordon identified three areas of clarification:

● While the primary ground for a merger referral to the Monopolies and Mergers Commission was the effect on competition, this was not the only reason. The bid last December by Elders for Allied Lyons was referred to the commission not because of any competition problem but because of concern about the way the bid was financed. "It was a highly leveraged bid," he said.

"The potential damage to the public interest in such a bid seemed to justify a full investigation, and whichever way the commission report goes, it should provide helpful guidance for companies, for merchant banks, and for ourselves in future cases."

● When there were two rival bids for a company and only one raised significant issues for investigation, only one might be referred, even though this would lead to a reduction in choice for the target company's shareholders, he said.

"My advice to refer United Biscuits' original bid for Imperial and the first bid by Guinness for Distillers were entirely consistent with Norman Tebbit's statement (when Trade Secretary) that competition is the primary ground on which a merger is referred," said Sir Gordon.

"Each would have given the merged companies a market share of something of the order of 40 per cent in an important consumer market."

● It was now clear that if the bidder whose bid was referred wished to continue with the takeover, then "he may be able to revise his proposal so as to eliminate the competition problem."

In the United Biscuits/Imperial and Guinness/Distillers initial bids, Sir Gordon said, "the bidder satisfied the commission that he had abandoned his original plans and the reference was set aside."

In both cases "a binding agreement was reached to dispose of parts of the business to be acquired and to ensure that the merger would not give rise to very high market shares."

"This seems to me to vindicate competition policy, not to undermine it, and it enabled me to recommend to the Secretary of State that the new bids need not be investigated by the commission."

Sir Gordon also used his speech to hit back at critics of his decision that the second revised by Guinness for Distillers should not be referred to the commission. Mr Alex Fletcher, a former minister in the Trade Department, had suggested that this was "driving a wedge through the Government's policy to promote competition."

Coal Board put under pressure by collapse in price of oil

BY MAURICE SAMUELSON

THE OIL PRICE collapse has replaced the year-long miners' strike, which ended in March 1985, as the biggest challenge facing the National Coal Board.

Just when it thought it was on safe ground, the NCB has been plunged into a series of delicate negotiations with its biggest customer, the electricity industry, over how much to cut the price of coal to reflect the cost to the power stations of not burning cheap oil.

The NCB, clinging to the hope that oil prices will recover somewhat before the end of 1986, maintains it is still on target to be able to do without government deficit funding by the end of the next financial year. But clearly some adjustments are going to be made. The industry, already straining to align its costs with those of other coal producing countries, now has to absorb the added pressure from oil.

The man who bears the fullest brunt of these twin pressures is Mr Malcolm Edwards, the NCB's commercial director who tomorrow takes his place on the main board as its newly promoted member for marketing.

The situation bears an uncanny resemblance to that soon after he entered the coal industry as its first graduate marketing trainee 30 years ago. In 1958, Blue Circle, the cement producer, landed Britain's first cheap purchase of Soviet oil, which broke the existing fuel oil monopoly and triggered the collapse of the fuel oil price. Coal prices were drastically undercut and most of the NCB's leading customers, including the power stations, defected.

The present oil price collapse – which comes on top of the strong competition from foreign coal – is potentially even more damaging.

If the price of crude stayed indefinitely below $15 a barrel, let alone $10, the electricity industry would face inexorable pressures to shut down a large part of its coal-fired capacity, jeopardising much of the coal industry so soon after the traumas of its longest-ever strike.

As a result, one of Mr Edwards' first tasks is to try to compensate the Central Electricity Generating Board for foregoing the cheap oil option. Paradoxically, the CEGB's hand has been greatly strengthened by its discovery during the miners' strike of just how much coal it could replace by oil. One official estimate puts this at 50m tonnes, or two thirds of its annual deliveries from the NCB.

An initial deal has already been struck for the last six weeks of the last financial year. But the CEGB, which has just added 5.2 per cent to its bulk supply tariff (the price at which it supplies power to the 12 area boards in England and Wales) is looking for a much more substantial concession for the present year.

Specifically, it wants a far bigger tranche of coal deliveries aligned to the international coal price, which is significantly lower than Britain's, than the 9m tonnes discounted in this way in the last financial year. Such a deal could cost the NCB over £100m.

Mr Edwards himself plays down the parallels with 1958. He admits that energy price forecasting is more astrology than science, but says he is "reasonably certain" that prices will come back to above $20 a barrel and he stresses the volatile nature of the oil market. Rather than 1958, it is to 1979 he points, when a slide in the oil price suddenly reversed.

None the less, it was as a result of the experience of 1958 that the NCB began for the first time seriously considering how to sell coal to industry, rather than thinking that coal sold itself. Mr Edwards had the job of setting up the board's first fully fledged marketing department which he still leads, now as one of the four long-serving NCB officials just promoted to full board membership.

He has long experience of negotiating with the electricity industry. His biggest achievement was the NCB's joint understanding with the industry six years ago for the bulk delivery of coal. This protected the electricity industry from the uncertainties of the world oil market and gave his own industry an assured long-term customer for its production.

Headquarters of the GLC may be sold

Financial Times Reporter

RICHARD ELLIS, international property consultants, have been commissioned by the London Residuary Body (LRB) to report within three months on the future of County Hall, one of London's most valuable buildings.

The brief given to Richard Ellis by the LRB, the new owner of County Hall after the abolition this week by the government of the Greater London Council, includes putting a value on the property. If the building is sold, the proceeds will go to London rate (property tax) payers through the LRB.

Richard Ellis yesterday refused to comment on the possible sale value of County Hall. Estimates are upwards of £100m.

Richard Ellis is also to report on three options for County Hall and its three satellite buildings. These are continued use of the complex as offices, alternative uses for the buildings as they stand and redevelopment of the site.

If County Hall is sold the sale cannot start until the buildings are vacant, which will take at least a year, Sir Godfrey Taylor, chairman of the LRB, said yesterday.

The buildings are occupied by about 3,500 staff of the Inner London Education Authority.

Business failures down 5.5% in first quarter

BY JAMES MCDONALD

THE NUMBER of business failures in the UK in the first quarter of this year was down 5.5 per cent on the same period of 1985, according to a survey by Dun and Bradstreet, the business information organisation.

The survey found also that, for the first time since the annual survey began in 1980, the number of company liquidations in January to March showed a quarterly fall.

There were 5,884 business failures recorded by Dun and Bradstreet in the first three months of this year, compared with 6,222 in the same period last year. Within this overall total, company liquidations numbered 3,947, against 4,264 in January to end-March last year; a decrease of 7½ per cent.

Bankruptcies among individuals, companies and partnerships showed little change over the year, standing at 1,937 in the first quarter of 1986, compared with 1,958 in the same period of 1985.

"There is now a strong basis for optimism in that the figures show a fall in the number of company liquidations for the first time in six years," Mr John Dawson, a Dun and Bradstreet official, said yesterday.

London and the south-east of England accounted for more than half of the company failures in England during the last quarter, mainly because of the greater concentration of businesses in the area.

However, company liquidations in the area, at 1,919, were 9.6 per cent fewer than in the same quarter of 1985. Bankruptcies in the region dropped over the year by 11.5 per cent.

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MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Global ambitions

What makes the Saatchis run?

Feona McEwan on the fast-growing UK-based communications group

IS THERE no stopping the brothers Saatchi? Not content with being numero uno in the advertising agency world in the UK and in Europe, and number four in world ranking, the brothers have set their sights on being global market leaders in no less than ten business service sectors, from design/corporate identity and advertising to personnel recruitment and corporate planning.

If the UK has got the hang of their ambitions after watching the company's vertical progress for over ten years, the US, where they're used to their own ad agencies ruling the world, is still getting used to the idea. In the last 15 months, Saatchi has made seven major American agency acquisitions, topped by lost month's coup of Dancer Fitzgerald Sample ($865m turnover in 1985). This shopping spree set Saatchi back some £152m and shows, if anyone had doubts, that the company means business. Indeed, Saatchi now reaps some 60 per cent of its revenues in the US.

"The American attitude to Saatchi is a mixture of fear, admiration and scepticism," says one US agency chief who has resisted Saatchi overtures. "There's a feeling there's got to be a catch, to grow as quickly."

The figures spell out the Saatchi progress. So far the company has seen profits jump 51 per cent annually from 1976 to 1985, when they topped £40m. Earnings per share have risen by 38 per cent per annum over the same period, comfortably ahead of stock market stars like Glaxo, Sainsbury and BTR.

The stock market values the group ahead of the world's biggest advertising network, Interpublic, with respective capitalisations of $727m and $615m.

New business growth (including acquisitions) by the pivotal London ad agency in 1985 is claimed to be £57m (net of £18m of lost billings), bettered only by its second string agency Dorlands (which topped £60m, excluding acquisitions).

The questions remain though: can the brothers continue the momentum? How close are they to their imperialist goal? What is their long-term strategy and what are the signs of it working?

For all their headline grabbing actions, the names behind the most talked about UK ad agency remain firmly in shadow. Both brothers display a coyness rare in the "people" industry, surrounding themselves with a cordon of silence and preferring to talk at one remove, through aides. Charles, the creative spirit, is known for his raging ambition and obsession with privacy, while younger brother and business minder Maurice, who is credited with having won round the City to advertising's financial charms, is marginally the more social of the two.

Though they will field players to offer the party line, they themselves steadfastly decline to discuss their business on the record, so it is necessary to look elsewhere for answers.

Sceptics have long queried the virtues of aiming so wide, so high, so fast, pointing to past victims of galloping growth that haunt the City. So far, though, the Saatchis have spent 15 years proving them wrong.

But if 1985 was a watershed, heralding the company's arrival onto the broader stage of business services as opposed to pure advertising, 1986 promises to be a telling time. With footholds now in management consultancy Hay Group acquired in 1985, market research (Yankelovitch, Skelly & White, December 1984), behavioural sciences (McBer 1984) and assorted marketing services (Kleid, direct marketing; Rowland, PR; Marlboro Marketing, sales promotion/merchandising; Siegel & Gale, design/corporate identity; Infocom, conference presentations) the company has changed its spots. By March 1985, the group's percentage of revenue from advertising had shrunk to some 55 per cent of the total.

Not that it has stood still on the advertising front with the newly-formed links between Dorland and DFS in the US forming the foundations of a second global advertising network after Saatchi Saatchi Compton Worldwide. Such a competitive second string network is designed to counter the inevitable problems of client conflict facing large agencies—Interpublic, with wholly-owned McCann-Erickson, SSC&B Lintas and its associate Lowe Marschalk, has three global networks in place.

Explaining the rationale for selling what is a fragmented market as a single market, Maurice Saatchi in the latest annual report, says: "We believe that as client companies become more global, more diversified and more complex the specialist management skills that the company provides are at an increasing premium" . . . "We believe no other company in the world is tackling this field in such a determined way as a single market."

By putting the "full" into full service, Saatchi aims to supply companies with a raft of communication services, both externally (with marketing services like advertising, PR and design) and internally (organisational services like recruitment, research, strategic planning) consistently and on a global basis.

Brothers incorporated: taking on the world—Charles (left) and Maurice Saatchi

Agnostics question whether this is what clients really want, especially since there is no exact precedent for the total package concept. Ad agencies around the world are diversifying, it is true, but into familiar and symbiotic marketing disciplines like sales promotion, direct marketing and public relations. Of all Saatchi acquisitions it is the Hay Group that has given observers most indigestion given that it appears to the more pigeonholed thinkers to be moving into unrelated areas. Others, like stockbrokers James Capel, suggest it may be "their most important strategic acquisitions."

Some US observers believe that "cobblers should stick to their lasts." Nonetheless, Peter Ainsworth of UK stockbrokers Rowe and Pitman suggests that one reason why Saatchi has succeeded in managing rapid growth where others have failed is that it has strict commercial disciplines independent of advertising talent. He feels that from the outset the brothers realised that what makes a good vertising talent. He feels that necessarily make a good businessman. And they maintain a clear distinction between the two functions.

The City is now waiting to see whether the expansion of the Saatchi group interests will be adequately translated into earnings growth. Bob Willott, an analyst with accountants Spicer & Pegler, makes a key point. "The sort of question which would have to be asked of a company that has been as successful as Saatchi is: has its ability to grow organically peaked? Must it now be a dealer in businesses rather than a creative agency?"

Many hold with the view of Phillips & Drew (Saatchi's brokers) that there is a mutual benefit within an enlarged group rising from one element's ability to introduce business to another informally or as part of a package. Consultancy gives access to senior management, goes the thinking, which can be passed on.

This cross referral (networking) factor is likely to prove central to Saatchi's global aspirations, although it is hard to quantify in isolation. Already, says the company, it is known that some $60m has been generated in the US with at least 30 referrals reported so far. US Steel was won in a four way Saatchi pitch involving PR, design, advertising and management consultancy.

For its part Saatchi has researched its markets with the same vigour as it has investigated takeover targets. It has identified a global business services market of some $60bn—its share currently is 0.55 per cent. Revenues of the largest management consultancy (McKinsey), it says, are 40 per cent greater than the world's biggest ad agency and the biggest research firm (Nielsen) exceeds the top 100 UK ad agencies put together in revenue terms.

In the US business services have grown at 20 per cent annually outstripping GNP (10 per cent) and manufacturing (8 per cent) between 1977 and 1984.

It believes this trend will continue given that static population, converging technology and retail power will increase the competitive pressure on potential users of business services.

To meet this hoped for demand Saatchi generally believes in leaving its acquired activities to their own devices. You hit the profit forecasts and target figures, says head office, and we'll let you get on with it. Neither Saatchi brother for instance has been through the doors of Dorlands, its second biggest London agency. Newcomer Kingsway PR reports no Saatchi director on the board.

Saatchi interferes only when an agency fails to deliver. Recently the UK KMP agency was taken to task after a string of problems (topped by the loss of the £14m British Telecom account) and was merged into four other domestic agencies to form the 10th largest UK group, KMP Humphreys Bull and Barker.

Subsidiaries are monitored by a small centralised financial management that stimulates challenges, sets guidelines and targets. There is, unusually for an ad agency, a full-time acquisition team that spends its time scouring the world for likely buys. The idea of this is to let the creative element conduct its business unfettered and to help counter the big agency bugbear of weakening the "interface" with the client.

The Saatchi method of acquisition operates on a deferred payment system, dependent on future performance. This ensures newcomers to the family are given the carrot or stick to perform. Currently the group is facing deferred payments of up to around £80m, says Rowe and Pitman, and these could fall due before the end of the decade. Such "earnout schemes" which keep the top management in place for an initial period ensure that a second layer is in training.

Not everyone, as it happens, is suited to the Saatchi temperament. Last month the three founder members of Yankelovitch Skelly & White, the international market researchers, departed to start their own company again. The Melbourne office, too, has been a troublesome spot in management terms lately.

Quite how successful the global thesis is proving among Saatchi clients is hard to tell though it identifies in its annual report national clients whose business it handles in six or more countries. That does not necessarily mean they are practicing marketing guru Theodore Levitt's doctrine of "selling the same thing in the same way everywhere" — ie, running a central strategy in many lands with possible local variations which is the stuff of global advertising campaigns.

Admittedly British Airways (in 35 countries), Pampers disposable nappies, Silk Cut cigarettes, Ariel soap powder, and Avis car rental clearly are, but it seems it still trails the more experienced players like Interpublic's Lintas which is currently running some 30 global advertising campaigns—like Rexona deodorant in 19 countries, Diners Club worldwide, Jif household cleaning products in 35 countries, Impulse fragrance in more than 30, and so on.

In the US the Saatchi name is credited by analysts with having woken the investment community to the attractions of advertising in the same way as it won over the City all those years ago.

"They are admired for their financial acumen," says Emma Hill, of US stockbrokers Wertheim. "They have been very successful in communicating to investors that they were a growth company to be valued highly. And they've influenced other agencies to focus on cash management, controls and costs. They used the low-cost-to-capital ratio aggressively to buy companies, then to go in, cut costs and improve profitability."

Despite the pointers, question marks still remain about the London agency, where it all began. One concerns the role of the brothers who have stepped back apace (though Charles is said to keep a weather eye on the creative product). There has been no single replacement with the charisma and zip of former managing director Tim Bell (now at Lowe Howard Spink).

And what effect will finance director Martin Sorrell's moves have on the company, if any? Widely regarded as having been instrumental in blazing the acquisition trail, he is finally leaving to run the acquisitive-minded Wire and Plastic Products, makers of wire baskets and supermarket trolleys, in which the Saatchi Company has a 9.6 per cent share.

The thorny issue of creative edge is never far away in fast growing agencies. Though the agency can point to a recent clutch of Campaign press awards and some £16.5m of new business gains so far this year, questions remain, given such galloping growth, about how far it is possible to preserve creative bite.

Marketing abstracts

Effective selling approaches to buyers' objections. P. H. Schurr + others in Industrial Marketing Management (US), August '85 (7½ pages)

Attempts to identify how salespeople should deal with customer indecision and price objections; suggests that indecision requires a time plan strategy (deciding how long one is prepared to wait), and that price objections demand the quantification of costs and benefits with an emphasis on manufacturer support.

Global marketing and global agencies. G. Harris + others in Admap (UK), September '85 (18 pages)

Six closely related articles based on seminar papers: (1) considers evidence often advanced for the benefits of international product standardisation and finds it unconvincing; (2) argues that opportunities exist for developing a global strategy for brand advertising and market positioning; (3) suggests that global advertising runs the risk of being bland, and that local, rather than international, agencies are more likely to succeed in communicating with local customers; (4) pokes fun at the idea that different nationalities present similar consumer behaviour, contending that nationality is gaining, not losing, strength; (5) deplores fantasies about global advertising, but emphasises that it must express a basic, translatable, human emotion; and (6) describes how a London agency (Geers Gross) acquired three New York agencies as a first step towards globalisation.

In-Store Promotions. Absatzwirtschaft (Fed. Rep. of Germany), July '85 (4 pages in German, English version available)

Analyses the experience of German manufacturers with the promotion of merchandise by in-store demonstrators. Considers which articles lend themselves to this approach, and how well-known (named) companies arrange such events; lists the desirable characteristics of demonstrators.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Novel answer to meeting Britain's gas demands

Ian Hamilton Fazey on how gas is being put back into the North Sea, so that it can be recovered when demand rises sharply in winter

BRITISH Gas has spent £700m to develop an unique storage scheme in which gas is put back into the North Sea. The scheme was officially inaugurated yesterday but has already proved its value during the bitterly cold weeks of February.

The scheme involves the Rough gas field, 18 miles from the Easington terminal on Humberside. Its purpose is to overcome the major problem the gas industry has faced since time immemorial—how to store enough gas to cope with winter peak demand.

Four times as much gas may be needed on a cold day compared with demand in July. The record to date was on February 6 this year when Britain consumed 9.17bn cubic feet of gas.

The new project uses 168bn cubic feet of room in Rough's stratum of gas-bearing sandstone as a gigantic gasholder. The room has been created by extracting gas from the field over the past 20 years. There is still 300bn cubic feet of gas left in Rough, but the new scheme is the most economic way of using the field.

Instead of gas being taken from Rough for most of the year, it is now pumped back into it from the national gas grid. Only on the 80 or so cold days a year, when demand passes a certain level, will gas be extracted again.

The scheme, which combines several pieces of proven technology in a way that has never been done before, is by far the cheapest means of satisfying extra demand.

The industry cannot just "open the tap wider" to get extra gas from the North Sea in cold weather without the production companies having to drill many more wells.

For most of the year these would be idle and would not justify the capital cost involved. The effect would soon be felt on the cost of landing gas and, eventually, on retail prices.

A storage system is therefore the only sensible way to proceed. The production companies also like this solution because it enables them to produce much more steadily all the year round, smoothing operations and optimising the economics involved.

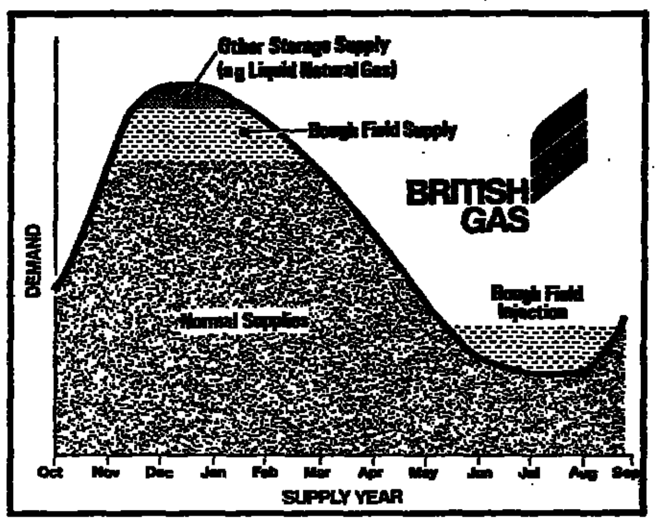
The problem was how to store "strategic" quantities of billions of cubic feet of gas. Conventional gasholders are not even an option. These are used for buffering the variations in daily demand at local level — there are minipeaks at breakfast and teatime and during the Monday morning industrial start-up. They just could not hold enough gas.

The other conventional storage method is to liquefy the gas and bottle it up in 100 ft by 50 ft pressure vessels. With one cubic feet of liquefied natural gas (LNG) equivalent to 600 cubic feet in gaseous form, this might seem an option until costs are compared with the Rough project.

About 80 LNG tanks would be neded to produce the same effect. Each has a small chemical engineering complex associated with it to liquefy the gas — it has to be greatly refrigerated and then put under enormous pressure — and each has to be built on it own in a fairly isolated location, for safety reasons.

The cost of each complex would be between £30m and £40m, so total costs would be around £2.4bn to £3.2bn, against the Rough project's £700m.

To make the system work, British Gas has had to build three new platforms, link them to the two existing ones that worked the field, put in new, bigger pipelines to Easington and increase the numbers of wells from six to 18. Eventually there will be 24.



The heart of the new operations is an impressive reinjection system where two gas turbines, driven by modified versions of Rolls-Royce Maxi-Avon aircraft engines, boost pressure from 780 psi to the 3,000 psi needed to push the gas back into the sandstone.

However, the process does create a problem because clean gas from the grid is being made dirty again by reinfection back into the North Sea. Easington terminal itself has therefore been expanded greatly to clean the gas up again and re-odourise it (for safety reasons) when Rough is called upon to boost winter supplies.

British Gas now believes that it will be able to cope with peak demand for many years. In addition to drawing from the Rough submarine gasholder, it will turn on the tap from its Morecambe Bay field too during the winter. In summer months, Morecambe does not produce.

On the 80 or so days concerned, Rough and Morecambe will fill a quarter of Britain's gas needs. All the other gas production facilities, therefore, will have to gear up to cope with only three quarters of peak demand.

British Gas believes this will see it through for some time, even though its 16.5m customer base is expanding by 300,000 new accounts each year.

Rays that will help solve a spectrum of scientific problems

A BRILLIANT new source of light should be switched on in Europe in the early 1990s, at a new international laboratory to be built near Grenoble in France. It will illuminate a spectrum of problems in basic, strategic and applied science, from elucidating the structure and function of living molecules to the design of better catalysts for the chemical industry.

The European Synchrotron Radiation Facility, under discussion since 1978, entered a new phase last December when four of the governments expected to subscribe—those of Britain, France, Italy and West Germany—signed memoranda of understanding. Scientists close to it are confident the £100m project, expected to cost another £30m a year to run, will commence around the end of this year.

Synchrotron radiation is a jumble of rays of asorted wavelengths—infrared, visible, ultraviolet, X-rays, etc—produced when a charged particle such as an electron is accelerated or bent. Once it was simply a nuisance; a useless byproduct of atom-smashing that wasted power.

But in the mid-1960s synchrotron radiation began to shed light on some scientific problems, and special facilities—beam lines—were added to atom-smashers to tap the rays.

In the mid-1970s British physicists began to build the world's first machine dedicated to generating these rays, at Daresbury in Cheshire. They toyed with calling it Alice because of the proximity to Lewis Carroll's birthplace, but settled instead for the more prosaic synchrotron radiation source (SRS).

It was the first time physicists had set out deliberately to maximise the brilliance and intensity of the rays, and it has proved spectacularly productive, especially in the past 18 months, says Prof Michael Hart, its scientific co-ordinator, from Manchester University.

The SRS, at the Daresbury Laboratory of the Science and Engineering Research Council, represents an investment of about £25m. It has about 900 clients divided into over 300 research groups. They include overseas scientists from nine nations who buy time on the machine at £1,200 per eight-hour shift.

The Dutch have gone further and paid £1m for a beam line and two experimental stations, in order to win ready access to a machine which runs almost flat out — over 6,000 hours last year, its managers say proudly.

Other countries will follow suit, now that the European facility is looming, in order to gain experience, forecasts Prof Leslie Green, Daresbury's director.

Prof Green says much of the research on SRS is nearer the market place than is generally known, strategic rather than basic science, underpinning applied research at a stage which the scientist still cannot be specific about details. Science-conscious chemical companies have shown enough interest in the SRS to form a "consortium" composed of scientists from British Petroleum, ICI and Royal Dutch-Shell in Amsterdam.

OUT OF THE BACKROOM

By David Fishlock

By the end of this year the consortium will have donated £250,000 to Daresbury's coffers. Catalysis is the subject of interest. It has a mobile chemical reactor which can be wheeled into a beam line, so that the rays may illuminate its catalyst.

So revealing is this proving, one scientist suggests it could make the traditional chemical industry approach to developing new catalytic processes "suddenly out-of-date." It reveals just how the catalyst makes and breaks chemical bonds—precisely the data needed for the design of new catalysts.

Dr Richard Orman, the ICI scientist who acts as club secretary, says members share experience and some techniques such as the reactor and computer programme. They do not have to swap all their findings, however. ICI has reached the stage of applying for patents on a better catalyst.

Dr Orman knows of no precedent for such an industrial collaboration. Now Liverpool University is keen to back it academically by setting up a new centre for innovative catalysis.

Efforts to organise a similar club in another area British academics believe will benefit greatly from synchrotron radiation have so far failed. This would be a club of companies in advanced semiconductors—the science of chips.

Prof Robin Williams at University College, Cardiff, has been urging industry and government to follow a lead already given by US companies such as Bellcore and IBM, and by the Japanese electronics industry. They see potential in synchrotron radiation both in explaining more clearly the structure and function of micro-electronics and as a technique for making sub-micron-sized patterns for very large scale integration.

Prof Williams has proposed the British electronics industry, with Department of Industry support, should fund a beam line at Daresbury as the Dutch have done, dedicated to strategic electronics research.

Bioscience is steadily encroaching upon what once was the preserve of the physicists. The Scientific and Engineering Research Council (SERC) and the Medical Research Council (MRC) are jointly funding research at the interface, including a laboratory devoted to biological techniques. "This will save us deciding whether a particular experiment is SERC or MRC," says Dr Jerry Thompson, in charge of the SRS division at Daresbury.

One of the most spectacular bioscience experiments was done recently at Daresbury by Dr Louise Johnson of the Department of Biophysics at Oxford University. It demonstrated a remarkable new technique involving synchrotron radiation, called kinetic crystallography.

This allows the changes in the structure of an enzyme — a living catalyst — to be followed as it participates in a catalytic reaction. The enzyme crystal undergoes an unexpected sequence of changes. "A lovely fusion of physics and chemistry," one scientist comments.

Lighting the way for improvements in laser TV

BY GEOFFREY CHARLISH

A TEAM at PA Technology, a British high technology research and consultancy group, is working on laser-based projection television that overcomes three problems presently associated with such equipment: picture brightness, portability and price.

Designers have to start with a very bright light source, impress picture information on it and produce a bright, scanned TV image on a screen without using high cost components.

The designer must also end up with a system that is easily transported from place to place, since much of the market involves leasing these expensive systems to theatres, stadiums, public houses and similar locations.

Several projection systems are already available. Barco, of Belgium, for example, uses one high intensity cathode ray tube for each of the red, green and blue picture components and projects them separately on to the screen. Systems cost up to $20,000 and picture sizes are a few feet across.

Gretag Eidophor, of Switzerland, uses a continuously replenished thin film of oil on which the picture content is "written" by an electron beam in a vacuum. The beam distorts the film so that when light shines through it, the deformations are projected as a picture on the screen. Three such units are used, one for each colour and the system can cost $0.5m. General Electric (USA) has a similar system named Talaria of lower definition, brightness and bulk, which costs much less.

Philips' Titus system uses an electron beam to write on and alter the light transmitting properties of a crystal, through which the projection light is passed to give a screen picture.

Another approach, used by English Electric Valve, produces a 15-metre diagonal picture by using 10,000 high brightness colour tubes, each displaying six colour areas, to give 300 x 200 picture elements. Its cost is in the multi-million dollar bracket.

Lasers have been tried says Dr Craig Sawyers, project manager at PA Technology. For example, Zenith Radio in the US used multiple lasers modulated by acousto-optical crystals. But low brightness and small scan angles produced a muted market response.

More recently, Dwight Cavendish, of St Neots in the UK, developed a system using three lasers, to generate primary colours, separate modulation of each, followed by recombination and scanning using mirrors.

According to Dr Sawyers, all these systems have weight, brightness or cost problems, in various combinations.

The PA system, development of which was funded by Prutec, the venture capital arm of Prudential Assurance, is still at the monochrome stage. But according to Dr Sawyers, who is currently looking for industrial partners to commercialise the system, can be developed for colour.

It uses efficient, highly reliable metal vapour lasers of potentially low cost in volume manufacture, from Oxford Lasers. No mirrors are used in line scanning and a resolution of 1,500 horizontal points is obtained, says PA.

A low cost of $20 per lumen (unit of brightness) is claimed, against about $100 for Eidophor and $400 for Dwight Cavendish, according to Sawyers.

The modulator, a device that produces one line of TV picture, is made from a long piece of tellurium dioxide with a device at one end that allows mechanical compression waves to be set up along the crystal's length, from a TV source. The waves, in effect, carry the picture information of one TV line and they alter the optical properties of the crystal in sympathy.

Then, a laser light pulse passed through the modulator will produce a line of TV on a screen some distance away. Frame modulation (which moves the scanning line progressively down the screen 50 times a second to build the complete picture), is by a rotating mirror.

THE ARTS

Letter from New York/Paula Deitz

Epitaphs for a builder and a dreamer

Lobbies are places one usually walks through briefly on the way to or from appointments, but last Thursday during a drizzly twilight hour 700 people congregated in the majestic lobby of Ludwig Mies van der Rohe's bronze-clad Seagram Building on Park Avenue to commemorate the centenary of his birth. The city outside sparkled beyond the Seagram's illuminated fountains, while inside, the architect Philip Johnson—Mie's collaborator on the Seagram — toasted his master with Seagram's own champagne and described him as "the greatest architectural genius of our century . . . as much a poet as T. S. Eliot or W. H. Auden."

The Mies centennial year comes when architects, including Mr Johnson, have rejected Mies's sleek spare modernist aesthetic. However, the Centennial Exhibition at the Museum of Modern Art (MOMA) may alter this view by presenting the evidence of the real Mies rather than the diluted forms of his style that have infected most major cities. What one observes throughout the show is how important are the images of the *unbuilt* projects and also how many there were — the 1922 visionary model of a glass skyscraper at one extreme and the 1953-54 convention hall with its steel truss roof for Chicago at the other. The fundamental ideas are as valid as if they were built, and many eventually were incorporated in similar designs by his students. The model for the Mansion House Square scheme for London (in a photograph) now takes its own place in this hall of fame.

Seeing the exhibition has the force of reading a book as the eye wanders in and out of the mazelike rooms of his open-plan interiors in the 450 drawings from the museum's Mies Archives—the drawings, which are like the text, are illustrated by architectural models, photomurals and a few full-scale mock-ups of structural details.

In a sense there is the European Mies and the American Mies, for once he arrived in Chicago in 1938 he seems quickly to have grasped the new techniques and ready-made industrial materials available to him. And even though he began to work on the large scale he had always visualised, the buildings continued to embrace the pavilion form. What else is the glass-walled lobby of high-rise like Seagram from within but a glass house with a classical colonade?

The place to see Mies's buildings in concentration is Chicago, and the MOMA exhibition, which closes in New York on April 15, runs there at the Museum of Contemporary Art from May 8 to August 10. One can see the exhibition and then tour his buildings: the Federal Center, the IBM building, and others.

*

Mies's work is coming before American audiences in another way, in an eight-part public television documentary series called *Pride of Place: Building the American Dream*. This deals as much with the history of American architecture as with contemporary structures, unlike the recent British television series *Architecture at the Crossroads*. The trouble with the show is evident in its sub-title: "A personal view by Robert A. M. Stern." Mr Stern, a prominent post-modern architect who organised and narrates the series on screen, is entitled to his opinion, but the deck is stacked from the outset against any building that does not incorporate what he calls "a usable past." It is a hymn to post-modernism, and the swelling strains of the dramatic musical score by Carl Davis make it a Battle Hymn at that.

Standing with Philip Johnson in *his* glass house, completed in the Connecticut countryside in 1949, Mr Stern pompously asks him if he designed the house as an escape to the wilderness, whereupon Mr Johnson responds, "All I wanted to do was to do a better house than Mies was doing."

*

Easter is the time to see François Boucher (1703-1770) at the Metropolitan Museum of Art (until May 4). Though he never equalled the talents of Watteau, whose paintings he copied in etchings, or of Fragonard, what he did do masterfully was invent an "idyllic world . . . for the use of the 18th century" as Théophile Gautier wrote. As painter to the royal household, he even in 1747 decorated Easter eggs for Louis XV — as well as paint decorative panels and portraits of Madame de Pompadour.

As mounted at the Museum, the whole exhibit of 80 paintings is wrapped up with Easter-egg colours on the walls: in fairness to Boucher the paintings would have been better served in the kinds of intimate spaces for which they were originally intended. Still, the sumptuousness and taffeta texture of it all were integral to court life, including the mythological scenes and pastoral views, and one can enjoy the exhibition without loving it. Boucher belongs more to the decorative arts, and one wishes it could have been seen in the context of that exemplary rococo exhibition at the V and A, where his tapestries and porcelains could be compared with others.

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On the warmest and sunniest Easter Sunday in memory, crowds paraded their finery in the traditional Fifth Avenue promenade that spilled over into Central Park, and especially along the paths of a newly-restored bucolic setting now designated as Strawberry Fields in memory of John Lennon, who lived in the Dakota Building across the street from its entrance at 72nd Street and Central Park West. For anyone who remembers the candlelight street vigils there on the dark December days following his death in 1980, the rejuvenation of the 4½-acre section of the park, about to burst into a variety of spring blooms, conveys a sense of renewal.

It was a city councilman, Henry J. Stern, now the Parks Commissioner, who proposed the plan of renaming after the Beatles song this island in the park where Lennon's widow Yoko Ono says, "John and I took our last walk together." Ms Ono donated a million dollars to the city for the restoration and perpetual maintenance of Strawberry Fields, which has been redesigned and planted by landscape architect Bruce Kelly in the picturesque manner sympathetic to the park's 19th-century creators, Frederick Law Olmsted and Calvert Vaux. The project is particularly apt since it was Olmsted's 1850 visit to Birkenhead Park across the Mersey from Liverpool that first suggested the plan of this public park in New York.

In keeping with Ms Ono's wish for an international peace garden, Mr Kelly has selected 161 species of plants—trees, shrubs and perennials—donated by 150 countries from a list compatible with New York's soil and climate. The landscape rises and falls away gracefully with views over the lake and its distinctive Bow Bridge. Groves of young trees—including the park's only English Oak, a gift from Britain—complement the few towering or gnarled survivors, and surround grassy areas and small fields of massed perennials, like violets or astilbe, edged with wild strawberries. In the paving of the small entrance plaza, a round black-and-white sunburst tile mosaic, based on one in Pompeii, is a gift of the Italian government, but in place of a central Medusa is the single word "imagine," from another John Lennon song. With its own gardener and Ms Ono's generous endowment, Mr Stern assures, "the area will remain Strawberry Fields forever."

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New Yorkers are still humming and tapping from the American Ballroom Theater's production called "Sheer Romance" last week at the Brooklyn Academy of Music, where several couples, the women dressed in swirling satin crêpe, did a magical routine from the grand epoch of American and Latino ballroom dancing. The programme is coming to London later this month; don't miss it if you want to sample spring fever à la New York. As one of the lyrics suggests, it is a "trip to heaven until the dance is through."

"Imagine"—the centrepiece of the Lennon memorial gardens in Central Park

Bolshoy Ballet/Vienna Staatsoper

Clement Crisp

As part of the Vienna Dance Festival, the Bolshoy Ballet—complete with its orchestra as a vital contributor to the power of the performances—has been appearing at the Staatsoper. The season has revealed, as did performances I reported on last year from Düsseldorf, that Moscow's pride is in spanking form, a company revitalised from what seemed the doldrums of the early 1970s.

The Sleeping Beauty, in company with *The Golden Age*, *Spartacus*, and the last act of Yury Grigorovich's recent *Raymonda*, were the repertory, but it took three performances of the *Beauty* to find an ideal presentation, as various changes of cast finally brought the proper components together. Grigorovich's recension of the masterpiece is respectably traditional. Played with only one interval—a quest for fluidity of action which denies some of the ballet's formal dignity—it resembles the Royal Ballet's staging in that its first half is less edited as to text, and thus more cogent. But it is irradiated at every moment by the amplitude of the Bolshoys dance style, both in the full tone of the movement, so muscularly rich, so physically reverberant, and in the intensity of emotional involvement of every artist in the action.

Settings by Simon Virsaladze are gauzy, minimal, yet evoke the world of Versailles, with an intriguing progress to the action from a noctural prologue, by way of a verdant first act, to the lilac-tinted radiance of the final scene.

The first performance I saw was dominated by the conflict between the goodness of Nina Speranskaya's Lilac Fairy and the bile of Yury Vetrov's Carabosse. Speranskaya is a young, beautiful dancer, in which the amplitude of the Bolshoy's style and the grace of the characterisation are well matched: her serenity is a marvellous constant of the action. Vetrov's Carabosse I have not seen bettered in four decades of watching this ballet. Bent, malign, red-wigged, brought on in a wheelbarrow by three attendant Quasimodos and three Rat Ladies in Waiting, this Evil Fairy is a clear descendant from Enrico Cecchetti's creation in 1890. Miming is bold, an eldritch-shriek of malice; spraying malevolence as she hobbles over the stage, Carabosse rejoices in every moment, from tearing out Catalabutte's hair to the symbolic scene when evil is enthroned as she takes the king's seat.

For the Aurora and Florimund of this first evening, I had rather less sympathy. Nina Semizorova is a strong dancer, but the charm of the young Princess was rather less apparent than a forceful and unrelaxed view of the role, and Yury Vasiuchenko made a dull stick of the Prince.

The Prince of the second evening, Alexey Fadeyechev, restored all the role's credibility. Son of the former Bolshoy premier danseur, Nikolay Fadeyechev, he has his father's elegance — that quiet grace which so enhanced the classic repertory in the 1950s and 1960s — with a technique that forces no effects but conveys princely assurance and a gentle sincerity. His Aurora, alas, did not find her best form in the role. Nadezhda Pavlova came to fame a decade ago as a slender girl laureate of the Moscow Ballet Competition, and as I have reported in these pages, brought a youthful charm to the ballerina repertory. Today she is a more mature figure, and her dancing, for all its technical power, failed to convince me of the vernal beauty of the young princess, or the classic purity of the dance.

It was Lyudmila Semenyaka, again partnered by Fadeyechev, who showed all the splendour of Aurora and of the classic style on the next night. I wrote with great enthusiasm about Semenyaka's Masha in *The Nutcracker* some years ago during a Paris season by the Bolshoy Ballet, as a young ballerina of the rarest ability. She now stands as a dazzling exemplar of the grandest traditions of the *danse d'école*. She is Leningrad-trained, in her early thirties, and she can seemingly do no wrong. Her Aurora is bewitching in charm, ideal in execution. She combines classic intelligence — the disciplines of the academy fully understood, with nothing to corrupt the dignity of the style — and a certain impetuosity of temperament that shows us an Aurora touched with a lovely gaiety as she dances with her suitors.

Everything thereafter is natural, right, ravishing. With her blonde beauty, her lightness, and her sweetness of dramatic presence, Semenyaka commands the ballet. Nothing is overstated or skimped; everything is fresh. It is her birthright, and she honours it with a miraculous interpretation. She is a great dancer.

Great dancing of a more modern kind was abundant in the performance of *The Golden Age* that ended the Vienna visit. I wrote last year of the pulse-raising excitement of this latest of Grigorovich's creations. It is a work far more subtle than its adventure-story narrative might at first suggest, for it is a skilled portrayal by the choreographer, and by his designer, Simon Virsaladze, of Soviet life in the early 1920s, during the brief period of the New Economic Policy.

The ardent feelings of a new society, the decorative style of the age (superbly captured by Virsaladze), and the conflict between corrupt enterprise and socialist aspirations, are told through the rescue of a cabaret dancer, Rita, by the heroic Boris and his Agit Brigade companions, who vanquish the black-marketeer Yashka, and his hapless doxy, Lyushka. Good innocent stuff, this, but set amid the breath-taking general dances—which encompass saucy cabaret scenes and racing groups of young workers—are the astonishing interpretations of Natalya Bessmertnova as Rita, of Irek Mukhamedov as a sincere Boris whose natural element seems to be the stratosphere, of Gediminas Taranda as a cinematically handsome and villainous Yashka, and of Tatyana Golikova as a very modish Lyushka.

All are magnificent, and Grigorovich's choreography gives us chase-scenes worthy of the cinema, intoxicating in their physical bravura, and lyric duets for Rita and Boris which touch the heart.

Obituary/Erik Bruhn

Clement Crisp

Erik Bruhn, one of the greatest dancers of this century, and for the past three years Director of the National Ballet of Canada, died from lung cancer in Toronto on April 1.

Born in Copenhagen in October 1928, Erik Bruhn entered the school of the Royal Danish Ballet in 1937, and while still a student was marked out by his exceptional physical gifts and by his comprehension of the traditional Bournonville schooling. In 1947 he graduated into the Royal Danish Ballet, being nominated Solodancer (principal) two years later. During this time he made his first guest appearances abroad, performing in London with the Metropolitan Ballet, and then went on—like many other Danish dancers—to seek the wider opportunities of an international career, though he retained his association with his parent company and shone in the first Covent Garden season by the troupe in 1953.

Bruhn was to dance with many of the leading companies and leading ballerinas of his time, notably with American Ballet Theatre, of which he was a greatly admired star in partnership with such luminaries as Alicia Markova, Natalya Makarova and Carla Fracci, and with New York City Ballet, with whom he danced for two seasons. In 1962 he appeared in London with the Royal Ballet in a series of memorable performances with Nadia Nerina, and he was also to be associated with the Australian Ballet and with the National Ballet of Canada.

With this latter company he early established a very happy relationship both as dancer and as producer of *La Sylphide*, *Swan Lake*, *Coppélia*. In 1967 Bruhn was appointed director of the Royal Swedish Ballet, a post he held until his retirement from dancing in 1972. An impeccable technician, a flawless stylist, Erik Bruhn imbued the premier danseur's traditional round of princes with a distinction and a grace of presence, as well as of spirit, that marked him out as the Apollo among the male stars of our time.

In December 1982 Bruhn cemented a long-standing relationship with the National Ballet of Canada by accepting an invitation to become its director, and in the past three years he had done much to extend its repertory and encourage new talent.

As a dancer Erik Bruhn offered audiences across the world the tremendous sight of perfect classic style — his appearances in Russia with American Ballet Theatre are the matter of legend; as a man, exceptionally handsome, he offered his colleagues and friends a character of unforced charm and quiet integrity. His example, like his dancing, is unforgettable.

Three Sisters/Bloomsbury Theatre

Michael Coveney

Mike Alfreds gave himself a hard act to follow with his National Theatre production of *The Cherry Orchard*. Returning to his own company, Shared Experience, he tempts fate by taking on *Three Sisters*. The evening is not a disaster, nor is it a resounding success. The best productions of recent years — Trevor Nunn's, Jonathan Miller's—will withstand any comparison.

The lives of three general's daughters may be recharged by the battery's presence in the sleepy provincial town, but Chekhov is really writing about the illusion of happiness, the absurdity of our quest for it.

The company conveys this mood well enough and is coaxed by Mr Alfreds to elaborate on this theme in the discussion of memory, nostalgia, the unknown future. "Round and round the same terrain" ends (in this new version by the director and Nikita Stavisky) Masha's snatch of song. Vershinin and she exchange melodic fragments like coded love letters.

The dangers of pinning down the present are shown in the use of photography, which catches people on guard, stiff, momentarily vulnerable: the two lieutenants are cleverly humanised as the dinner party and the military's farewell are recorded for posterity. The desperation of Andrey is that of a man saddled with an unsatisfactory reality: although Jonathan Hackett is not moving or pathetic, his paranoid head-bobbing and soul-searching are lulled into stillness by a screaming child and the coarse vulgarity of his screeching wife (Maggie Wells, in various loud pinks and mauves is a fine upstart) who makes him sell off his sisters' mortgage.

The third act, after the fire, will survive almost any treatment. Its jagged, morose intensity of intercut monologues gathers around the ramblings of the old doctor (Philip Voss) who killed a woman last week and has hit the bottle after a two year abstinence. But Mr Voss "acts" comic and his old grizzled sea dog misses the boat. One's emotional withers remain conspicuously unwrung.

The sisters share this temperamental pallidness, although Leslee Udwin's Slavic Masha, hopelessly misplaced in marriage to Toby Salaman's pernickety, infuriating Kulygin, brightens visibly at Vershinin's entrance. She complains of having useless knowledge, receives a lecture from the new commander, slaps both her own wrists, removes her hat, and all in the same breath of gesture, emits "I'm staying for lunch."

There is an odd use of sound, the spinning top and moaning chimney chief beneficiaries of Ilona Sekacz's sound effects score. Paul Dart's design is best in the costume department, his silver birch columns and sketchy backdrop exuding rough parsimony (or touring theatre economics). Finally, why on earth has Shared Experience come to this dismal theatre, with its horrid plastic seats and dead auditorium? What virtue there is in the production is, I am convinced, unnecessarily threatened in the course of an evening that, at three and a half hours, is far too leisurely already.

All the Fun of the Fair/Half Moon

Martin Hoyle

You have to hand it to the 7:84 Theatre Company. They have the courage of their convictions. The programme rages at the Arts Council, Fergie, the "Tory propaganda machine in White City" (can this be Mrs Whitehouse's arch-fiend?) and zapping Argies (*still?*). Shortly into *All the Fun of the Fair*, the grim chant of "Lay them on their backs and burn them in the fire" (ostensibly of Conservatives but by implication the Arts Council, Fergie, Argie-zappers—though not presumably General Galtieri—etc, etc) rings out. All not a day later, *mutatis mutandis*, than 1925.

Except perhaps for the sneering reference to "neo-Nippon" characteristics (imagine the outrage if someone ventured regret at their corner of London becoming neo-Jamaica). A note of over-protestation, racially speaking, explains the inclusion of embarrassingly inept routines for two Asians, incredibly attributed to Farrukh Dhondy, who flounder aimlessly in leaden, unfocused swipes at the British in India, Asians in Leicester, the Black Hole of Calcutta, liberal vicars, the sub-continent's internecine slaughter, and Richard Attenborough.

The little Half Moon in Mile End Road has been transformed into an indoor fairground (colourful designs by Ellen Cairns) where some excellent music, good biting lyrics, and execrable comedy are aired. Hot off the press, up-to-date satire includes Leon Brittan, Michael Heseltine and Cecil Parkinson among its targets (in Chris Bond's Westland skit that descends into wretchedly juvenile crudeness). Mr Bond can be forgiven, though, when Peter Capaldi, spinning on a bar-stool-cum-motor-bike, hypnotically regurgitates the saloon-bar clichés of greed, lust and loathing, an a new breed is hideously conjured up to the refrain of Mark Brown's hard, punchy music.

And Mr Bond, director besides part-author, utterly redeems himself with updated Brecht and Weill, as Okon Jones, with controlled venom and fire, puts over "Mack's daughter" (guess who) to a sardonically jangling carnival accompaniment that knocks spots off the limp original at the National Theatre.

John McGrath, the nominal author, gets no marks for a rambling and heavy-handed Press satire about Matcho (sic) Murdoch, but succeeds with the corrosive couplets that accompany the stripping of regal trappings from the voluptuous dummy Brit Anniella to reveal withered and heartless deformity. Good songs include the incisive look at male sexism, "Tunnel of love" (Bond) and "Now is the time" (McGrath—could benefit from being sung in the same key by all the performers). The material is best when most disciplined; but too often the company seems less to be preaching to the converted than having a private joke

'Orphans' transfers to the West End

Following its sold-out season at the Hampstead Theatre, *Orphans* by Lyle Kessler and starring Albert Finney will transfer to the Apollo Theatre, Shaftesbury Avenue, from April 9 for a season of 12 weeks.

Arts Guide

Mar 28-Apr 3

Exhibitions

PARIS

From Rembrandt to Vermeer. 80 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

BRUSSELS

Toulouse Lautrec – paintings, drawings and lithographs. Crédit Comnmunal. Ends Apr 13.

NETHERLANDS

Haarlem, Teylers Museum: Survey of French 18th-century graphic art illustrating the new processes developed to capture painterly effects in etchings and engravings and meet the demand reproduction prints. Ends Apr 6.

ITALY

Venice: Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, includes Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.

WEST GERMANY

Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1887-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings assemblages, collages and sculptures. Ends Apr 20.

Stuttgart, Staatsgalerie, Konrad-Adenauer-Str. 30-32: German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1905-85 by 50 artists. Ends Apr 20.

NEW YORK

Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architecture, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1929 Barcelona Exposition. Ends Apr 15.

WASHINGTON

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

TOKYO

Noh Costumes and Kyogen Masks: 20 beautiful costumes from the Edo period (17th-19th century) and Kyogen masks from original 14th century era of consolidation of Noh into its present form. Okura Museum in front of Hotel Okura. Ends Apr 20. Closed Mon.

Arts Council/Antony Thorncroft

The grants must go on

The Arts Council was in a self-congratulatory mood yesterday when it announced that, with the co-operation of most of the successor local authorities, it had been able to ensure that few of the 550 arts companies subsidised by the now extinct GLC and the other metropolitan councils (to the tune of £35m a year) would go out of business following their abolition.

Since January it has been negotiating deals with local authorities and although there are still "i's" to dot and "t's" to cross the only area of real concern is Merseyside; even here talks are continuing with "guarded optimism." The Arts Council has given Merseyside £1m and wants £600,000 from the five successor authorities.

Some successor councils get special praise. In Tyne and Wear more will be spent on the arts than in the days of the metropolitan council, and Westminster, in London, has come up with £2.2m which, with £4.7m from the Arts Council, should satisfy the needs of the English National Opera, the National Theatre, London Festival Ballet and the London Orchestral Concert Board's clients.

This money will be on top of the basic 1986-87 grants announced yesterday for the National Theatre (£7,811,400); the ENO (£6,576,000); and the London Festival Ballet (£1,356,500)—all around 4 per cent up on last year. However, the National Theatre will have to manage without the extra grant of £375,000 from the GLC which last year kept open the Cottesloe. But the Arts Council is confident that the National is sufficiently funded, and with deals agreed, or close to agreement, with the once-threatened London "fringe" theatres, it thinks it has done a good job in the circumstances.

Sadler's Wells has not got all the £250,000 it said it needed to survive, but the gap is now small enough to hold off the threatened closure in July. The Roundhouse still faces great problems if the GLC's "tombstone funding" is stopped by the courts, and the National Jazz Centre is also in jeopardy.

The biggest recipient of subsidy is the South Bank Centre which has taken on responsibility for the three concert halls on the Thames. It gets £8.75m — less than the £11m it originally requested, but it is happy enough.

With more money still to come from the "Richmond Scheme" in London, even the tiny ethnic and community arts groups should be secure. The real problem comes next year when the Government's special post-abolition funding to the Arts Council is reduced from £25m to £21m and the successor councils may well be receiving less rate support grant.

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Thursday April 3 1986

When cheap oil hurts

THE EXTRAORDINARY spectacle of a US Vice President all but pleading with Saudi Arabia to stop the oil price from falling shows that, at $10 a barrel, the "pain threshold" has been reached.

When the price was safely above $15, the US could afford to take a vigorous free market line with ringing condemnations of the cartel run by the Organisation of Petroleum Exporting Countries.

Now it finds that the drop to $10 has raised the possibility that the cartel may be broken, and that market forces could dictate even lower prices. In that event, some US interests would indeed be threatened.

Perhaps a third of the 8.9m barrels a day produced in the US becomes unprofitable at under $10 a barrel. The 1.7m b/d produced in Alaska costs about $9 a barrel to produce, even neglecting all capital costs. About the same amount is produced in small "stripper wells" and by expensive enhanced recovery techniques for squeezing the last drops out of reservoirs. The cost of stripper well production rangers from about $9 to $16, with enhanced recovery costing upwards of $15 a barrel.

So far, very little of this production has been shut down, partly because producers are uncertain where the price will settle. But the domestic threat has clearly become a real one, with important implications to a country which imports a third of its oil.

US oil imports could therefore rise significantly. More importantly, low prices have already caused big cuts in exploration and development, which will increase the future dependence of the world's largest oil consumer on imports.

Deeply worried

In addition, the US has reason to be deeply worried about the effect on oil producing debtor countries, particularly Mexico. Then there are the banks with large loans to these countries and to the oil industry, and the severe problems faced by the independent oil companies and their suppliers.

The collapse of spot oil prices from $30 to $10 in less than four months creates other anxieties for the world, not just America.

If the oil industry's long succession of cartels and agreement is finally to be vanquished by the forces of a freer market, some highly uncomfortable oscillations of the oil price may have to be accepted.

Big cuts in investment this year will bring forward the day when prices will swing upwards in response to shortages of supply. When that happens, perhaps in the mid 1990s, the Middle East, which owns two-thirds of the world's proven reserves will once again be in the driving seat.

However, Western politicians should put recent events into a careful perspective before being panicked into protective measures. After adjusting for inflation, the oil price is at about its level at the end of 1973 before the first oil shock. For two decades before that, the world enjoyed a period of steady growth helped by cheap energy.

Now, the fall in oil prices should help to open the throttle of world economic growth. It is helping to reduce inflation and so to keep down nominal interest rates.

Debt negotiations

Partly because of these improved economic prospects, the world has absorbed this price shock with, so far, remarkably little difficulty. If prices remain at present depressed levels or fall even further, attention will be focussed on the inevitable difficulties of oil companies, bankruptcies and the major threat posed by sovereign debts.

Yet there will be many gainers, including some of the poorest countries which have been labouring under crippling energy bills. Large sectors of industry will benefit from lower costs and growth is likely to create jobs.

The important task therefore is to minimise the disruption rather than to stand against the tide. Lower oil prices, if sustained, will undoubtedly require an extremely difficult further round of debt negotiations and some banks may have to be supported.

More generally Western governments will need to guard against any renewal of the profligacy in the use of energy that characterised the period of falling oil prices in the 1960s.

Otherwise, however, the consequences of lower prices must be accepted. The disciplines of the market, which the Reagan Administration has so freely lauded, may impose painful solutions on over-priced suppliers. The cheapest oil is in the Middle East. Some of the most expensive is in the US. The market solution is, therefore, that the US production should be cut. Proposals for erecting an oil tariff to protect US production is exactly the sort of solution the US has, in other contexts, been lecturing the world to abjure.

A victory for equality

JUST SIX WEEKS after a damning judgment against it in the European Court of Justice the British Government has published commendably full and wholehearted proposals to end the forcible retirement of women at an earlier age than men.

This is a major victory for individual equality and it is fitting that it comes directly as the result of a long but triumphant campaign by an individual, Miss Helen Marshall, who, backed by the Equal Opportunities Commission, has spent the last six years battling against her enforced retirement.

Britain, uniquely, has a female monarch within days of her sixtieth birthday and a female prime minister already past 60. More than a decade ago a seemingly progressive Sex Discrimination Act arrived on the Statute Book. So it was as incongruous as it was disappointing that Britain should have such a poor record on equal treatment of women.

Different ages

Britain has appeared before the European Court over sex discrimination issues more times than any other EEC state and has generally been dilatory at making amends—the EEC directive which Miss Marshall successfully complained was not being implemented was introduced as long ago as 1976. This makes this week's announcement by the Government all the more welcome because the proposals go very much further than required by the EEC rules, which apply only to the public sector. The plan is to amend the Sex Discrimination Bill, currently before parliament, to make it illegal to set different retirement ages for men and women in occupations in the private and public sectors.

The EEC regulations and the changes proposed by the Government relate only to retirement age and have no bearing on the age at which pensions become payable. So the age at which the state pension becomes payable remains 60 for women and 65 for men, although women staying at work over 60 could forfeit all or part of their pension depending on their income level.

However this discriminates against men who might want to retire after 60 and before they are 65 yet who, unlike women, cannot qualify for a pension if they do. The Government should use its sensible proposals for changes to the rules for retirement age as the basis for moving towards a system of retirement and pensions which treats men and women equally but which is also flexible enough to allow individuals of both sexes more freedom to chose.

The green paper on social security reform published last summer by Mr Norman Fowler, Social Services Secretary, made an encouraging move in the right direction by including the idea of a decade of retirement which would allow men and women to choose when to stop work at any point between the ages of, say, 58 and 68 or 60 and 70. The Treasury, blinkered by thoughts of the initial costs, applied its veto and the idea was no more than a passing phrase in December's white paper.

The costs need not be an overwhelming deterrent. Early leavers might have to make their own compensatory arrangements for some loss of pension and late leavers need not necessarily be endowed with an enhanced pension. The pivotal pension age ideally should be the same for men and women, but it need not be 60; it could be 61 or 62. Women would truly have achieved equal status if and when they felt firmly and strongly enough placed to be willing to surrender a right in the cause of full equality. It is to be hoped that the Government can now be edged further along the right path without any more embarrassments in Luxembourg.

ALLIED-LYONS BID FOR HIRAM WALKER

Measuring up to the world challenge

By Martin Dickson and Tony Jackson

IS IT a giant-sized poison pill, swallowed with indecent haste and designed to give protection from a takeover? Or is it an opportunity, boldly and promptly grasped, to become at a stroke a crucial player in the international drinks business?

This week's unexpected C$2.6bn (£1.25bn) agreement for Allied-Lyons, the British food and drinks group, to buy the wines and spirits division of Hiram Walker Resources, the Canadian energy group, has elements of both these descriptions.

If the deal comes off—and it still faces some substantial hurdles—it will greatly increase Allied's size and of it far greater protection from the £1.8bn bid launched for the group last year by Elders IXL, the much smaller Australian brewing to agriculture group. Elders' bid is now being investigated by the UK Monopolies and Mergers Commission.

At the same time, the deal would turn Allied from an "also ran" in the international wines and spirits business—heavily concentrated in the mature UK market—into the second largest player, in terms of sales, behind Seagram of Canada. "This," says Mr John Clemes, Allied's Finance Director, "is a golden opportunity to realise a big chunk of our strategy in one go."

But while Allied can evince sound strategic reasons for the move, there can be little doubt that the shadow of Elders IXL has helped to concentrate its mind wonderfully.

The remarkable speed with which the deal was put together—just 10 days—is only the latest, though by far the largest—example of what many City analysts see as a more active approach at Allied since Elders launched its assault.

Dynamism is long overdue. Seven years of recession have brought immense changes in the world drinks industry, with large sectors facing zero growth or decline. Some companies—Allied among them—have been slow to respond, and one notable casualty, Distillers, is about to pay the price by losing its independence to one of its two suitors, Guinness and Argyll.

Other companies—the Grand Metropolitan subsidiary IDV is a much-quoted example—have carried on growing throughout. This is primarily because they have grasped two important developments, both of which Allied is now belatedly pursuing.

First, the industry has come to realise that strong brands in the domestic market are not enough any more. If a brand cannot be developed internationally, it will drift. Second, producers have found it essential to get a strong grip on distribution for their brands, if necessary owning the whole chain right down to the point of sale.

Allied does not dispute that it is trapped in the UK market, though it is very strong there. It has about 40 per cent of the sherry market through Harvey's, 40 per cent of the port market through Cockburn's, and 15 per cent of the Scotch whisky market (13 per cent with Teachers, the other 2 per cent through smaller brands such as Stewart's Cream of the Barley).

Mr Michael Jackaman, Allied's director in charge of wines and spirits, says: "I suppose we are the dominant supplier in the UK liquor market—we are very strong in each product sector—but it is true that with certain exceptions we do not export much."

Its touch in distribution has also been uncertain, though not as fumbling as Distillers'. Teachers, for instance, was recently abandoned as unprofitable in the US market by Bacardi, the latest in a string of US companies to perform that role.

That episode in itself illustrates the importance of having control of distribution. In the old days of uninterrupted growth selling brands was an easy business—but distributors themselves have found the going tougher, they have been less inclined to put effort behind small or struggling products.

If the Hiram Walker acquisition goes through, Allied will acquire a wholly-owned distribution chain throughout North America and joint-venture distribution networks elsewhere in the world through Hiram Walker's equity stakes in Drambuie and Pedro Domecq.

But for Michael Jackaman, the brands come first. "To be international, you need muscle," he says. "The competition — Seagram, IDV, Moet-Hennessy, Pernod Ricard, Heublein — they're all big players, and they all have a wide spread of brands."

Hiram Walker's portfolio is certainly diverse, even if about 80 per cent of its profits are reckoned to come from five products. The biggest profit-spinner is a coffee liqueur, Kahula, which sells almost 2m cases a year and has 25 per cent of the US liqueur market. The other big brands are Canadian Club whisky, Ballantine's Scotch whisky — a useful complement to Teachers, being mostly an international brand — Tia Maria liqueur, and Courvoisier brandy.

At present, Allied does not have a brandy in its portfolio. "Cognac is the key to a lot of markets, particularly the Far East and China," Jackman says. "It's the essential spirit in the Chinese culture, and you need a cognac to open the door into their market. We've been looking to acquire one for some time, but the big five — Martell, Hennessy, Courvoisier, Remy Martin and Bisquit — were all tied up."

Despite the neatness of the fit, some questions remain. Allied's wines and spirits division is a strong generator of cash. Is it wise to add to it another mature business across the Atlantic? Come to that, given the continued depression on world drinks markets—underlined by flat profits from Hiram Walker itself—why spend good money on the sector at all?

Jackaman contests the description of his division as a mere provider of cash. "We are out to maximise the profits of our UK business, and use the cash stream to internationalise," he says. "And though the market worldwide may be flat overall, there are some categories growing very rapidly—table wine, light low-proof spirits, premium brands in all sectors. If we use the mature brands as cash cows for the growth sectors, we can have a very profitable business."

But how about the drabness of Hiram Walker's recent profits performance? Profits over the last two years have risen by only 6 per cent to C$282m on turnover the C$1,516m. Has the business perhaps been drained of cash to support the group's energy division? "I can't be sure," Jackaman says. "But with a very strong cash business, almost entirely debt-free, the temptation to put cash into the resources side must have been there."

He is anxious to avoid the impression, though, that the business has been starved. "They've been jacking up their promotional spending, and brought out some good new products like their 12-year-old Canadian Club Classic."

> ❛ We are out to maximise the profits of our UK business and use the cash stream to internationalise ❜

Does Hiram Walker share Allied's problem in being too dependent on its home market? "Three or four years ago," says Jackaman, "their situation was exactly like ours. But since then they've opened a sales office in London, they've re-equipped Ballantine in Scotland, they've taken back the European marketing rights for Kahlua and they've bought Tia Maria back from us. They've been on exactly the same policy as us, exporting their business round the world, but they're three or four years further down the track."

Supporters of the deal point out that Allied would be paying about the same earnings multiple for Hiram Walker as the successful suitor will be paying for Distillers.

It is not clear that Allied could bring to Hiram Walker a new element of sophistication in international marketing. And whereas the winner in the Distillers battle should be able to secure a couple of years' growth simply by taking out costs, Hiram Walker has the appearance of a tightly-run operation.

Whatever the arguments, the acquisition of the Canadian company would substantially alter the shape of Allied, which was formed in 1961 from a merger between Inde Coope, Tetley Walker and Ansells breweries, and in 1968 took over Showerings, the Harvey's to Babycham wines and soft drinks group. Ten years later, in a move which aroused strong City opposition, it took over the then ailing J. Lyons food group. It proved the Cassandras wrong by turning round the Lyons business, which last year contributed £59m of the group's £219m of pre-tax profits, against £94.5m for beer and £70.5m for wines and spirits.

Although pre-tax profits have doubled over the past five years, Allied has long suffered from a lacklustre City image, often accused in particular of being slow to introduce new products—a market follower rather than a leader.

It is a viewpoint the group has been vigorously seeking to combat, particularly since Elders launched its bid, and accused it of having "tired brands" and an antiquated management structure. During the past few months Allied has been involved in a flurry of deals and product developments. These ranging from the introduction of what is said to be Britain's first major new draught cider for 25 years to unsuccessful negotiations to buy Cadbury Schweppes' food and beverages division

All this, coupled with analysts' expectations that pre-tax profits will be about £250m-£260m in the year just ended, has given Allied's City image a boost and increased the difficulties that confronted Elders even before the Hiram Walker deal.

The Australian company still faces several months of investigation by the Monopolies and Mergers Commission, which is looking, in particular, at the novel and controversial financing of the bid. Since Elders is only one quarter of the size of Allied, it is relying on a consortium of international banks for £1.2bn of loans to finance the take-over. It would then sell off the Lyons food business to reduce the high level of gearing this would involve.

The Elders campaign suffered a substantial setback late last month when the commission proposed passing confidential details of its bid financing to the Allied camp for its comments. Elders is challenging the legality of the proposal through a judicial review in the High Court. If it fails, it will have to reconsider its bid tactics.

As it is, Elders last month sold its 6 per cent stake in Allied, saying that although it was not giving up the battle, it did not believe that a bid made in the current bull market could succeed, except at an unrealistic price.

The move was seen as a well-timed piece of profit-taking, which will ensure its costs are covered if the commission rules against it while at the same time dampening down expectations of a much higher bid in the summer.

All this meant that City analysts were uncertain about Elders' determination to pursue Allied even before this week's development. Many believe that the acquisition of Hiram Walker will all but kill off the Australian company's chances, making it extremely difficult for Elders to raise the extra loans needed to swallow the enlarged Allied.

It is not certain, though, that the Hiram Walker deal will be consummated. The first, and perhaps least of the hurdles, is that it requires the approval of Allied's shareholders. Allied has yet to spell out how it intends to fund the acquisition and it may not be in a position to do so fully until after its shareholders' meeting. A deal of this size seems certain to include an element of equity, whether in the form of a rights issue or a vendor placing.

There are several potential snags at the Canadian end. The sale of its spirits business is part of a complex restructuring by Hiram Walker Resources designed to defeat a hostile bid for it from Gulf Canada, which is 80 per cent owned by the property company Olympia and York.

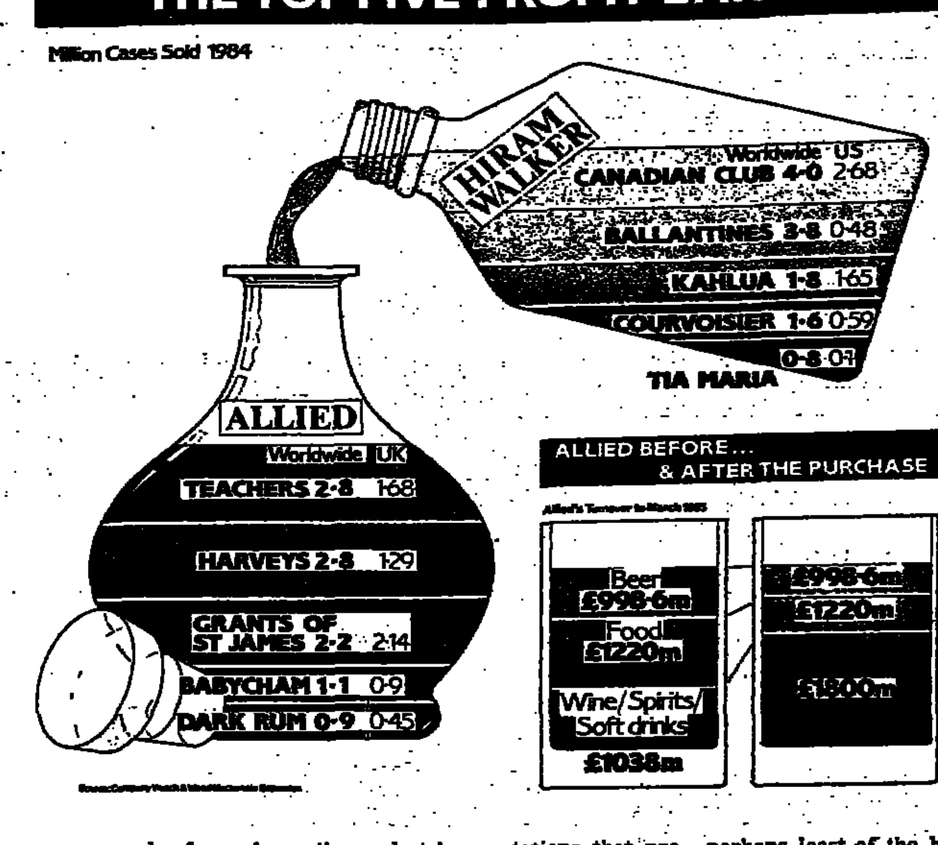
Hiram Walker Resources, acting in conjunction with Allied, has set up a new company, Fingas Investment Corporation, to buy up to 49 per cent of its own shares at C$40 a share, compared with the Gulf bid of C$32. The aim is to maximise the return to shareholders, both through a higher cash offer and by exploiting the tax advantages involved in restructuring.

Allied is not the only company which has been trying to buy all or parts of the Hiram Walker businesses and it is possible that a higher offer could yet emerge. Allied says that, whatever happens, it has a firm contract to buy the spirits business. Nevertheless, it is conceivable that the deal could be challenged in the courts by another bidder.

Moreover, the deal has yet to be vetted by Investment Canada, the government agency which reviews investment in Canadian companies by foreign ones. The Canadian Government has been keen to encourage foreign investment, but the size of Hiram Walker and its high public profile make this particular case politically sensitive.

All that adds up to a deal which is unlikely to be sealed up for some considerable time. The Allied-Elders battle looks far from over.

THE TOP FIVE PROFIT EARNERS



Men and Matters

Domesday Book goes commercial

To mark the 900th anniversary of the Domesday Book a facsimile edition is to be published next month. At £2,500 a set if you order early—thereafter £3,000.

The activists of the Public Record Office, Chancery Lane, London, where the great work is kept, were sufficiently excited by the anniversary yesterday to remove one of the volumes from its armoured glass showcase and allow the Press a close inspection. Mind you, the writers and photographers were outnumbered by the security men standing at their shoulders in the exhibition setting.

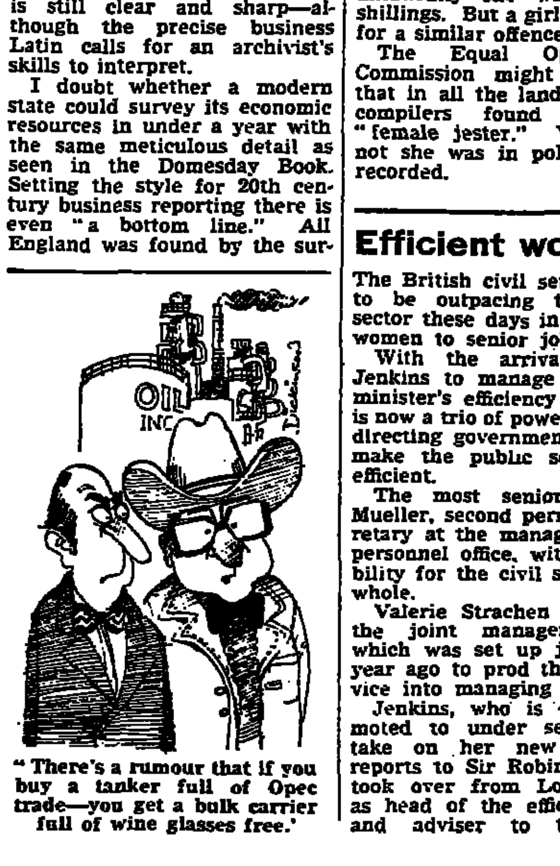
After 900 years the writing is still clear and sharp—although the precise business Latin calls for an archivist's skills to interpret.

I doubt whether a modern state could survey its economic resources in under a year with the same meticulous detail as seen in the Domesday Book. Setting the style for 20th century business reporting there is even "a bottom line." All England was found by the survey to be worth precisely £73,000 in 1086.

Of course things were cheaper then. With City of London regulation much in mind it is worth quoting Domesday: "A man or woman caught giving false measure in the City paid a fine of four shillings."

There were social problems then as now. The book says of the City of Chester. "If a widow had intercourse with any man unlawfully she was fined 20 shillings. But a girl 10 shillings for a similar offence."

The Equal Opportunities Commission might also note that in all the land the Book's compilers found only one "female jester." Whether or not she was in politics is not recorded.



"There's a rumour that if you buy a tanker full of Opec trade—you get a bulk carrier full of wine glasses free.'

Efficient women

The British civil service seems to be outpacing the private sector these days in appointing women to senior jobs.

With the arrival of Kate Jenkins to manage the prime minister's efficiency unit there is now a trio of powerful women directing government efforts to make the public sector more efficient.

The most senior is Anne Mueller, second permanent secretary at the management and personnel office, with responsibility for the civil service as a whole.

Valerie Strachen is head of the joint management unit which was set up just over a year ago to prod the civil service into managing change.

Jenkins, who is 41, is promoted to under secretary to take on her new job. She reports to Sir Robin Ibbs who took over from Lord Rayner as head of the efficiency unit and adviser to the prime minister.

The efficiency unit's task, under her command, will be to convince civil servants that the scrutinies initiated by the unit are for their benefit as well as the taxpayers'. She is said to have the right combination of personality and forcefulness for that tricky assignment.

One of the problems increasingly faced by the civil service is that the qualities encouraged in its best people are just the sort of qualities recognised and valued by the private sector. To rub in the point Jenkins' predecessor Ian Beesley has just been poached by Price Waterhouse.

Baring gifts

Barings, one of the city's longest-established, if not the most exciting, merchant bank, appears to have pulled off a notable coup with the £1.25bn purchase of Hiram Walker's drinks business by Allied Lyons, the British food and drinks group.

It was Barings which spotted the opportunity created for Allied by the hostile takeover bid launched last month by Gulf Canada, the natural resources group, for Hiram Walker.

This deal may not only allow Hiram Walker to escape Gulf's clutches, it could also rescue Allied from Elders, IXL, the Australian brewing group which last October launched a £1.8bn bid for Allied.

Miles Rivett-Carnac, Baring's director in charge of the deal, was modestly suggesting yesterday that Allied would probably have spotted the possibilities of the Hiram Walker situation itself. But Barings it was which put the idea to Allied 10 days ago.

Barings has for many years been Allied's main adviser, but when the Elders bid was made, Allied turned to S. G. Warburg, which has a bigger name in bid defence tactics, to help it out. Barings was pushed into the wings.

Warburgs says it could not act in this deal, anyway, because it would have been faced with a conflict of interest though it was not able to say precisely what this was.

Barings may not have been involved in the really big takeover battles of recent months, but it has made a speciality of financial service mergers.

In step

Has the Labour Party suddenly decided to change its campaigning methods in the Fulham by-election? The party yesterday used a by-election press conference to launch its charter for consumers. Doorstep selling, it warns, "can be the cause of much annoyance.

"The hours at which sales representatives can call should be restricted so that people are not disturbed at unsocial hours. Safeguards are needed to avoid people falling foul of pressure selling and making rash decisions. Consumers making an agreement should have a "cooling off" period in which they can change their minds or return the goods."

Does all this apply to doorstep canvassing on behalf of election candidates? No, it seems. Labour's Nick Raynsford firmly denied canvassing at unusual hours or pressure selling.

Ghost train

When the 18.02 train from Waterloo made an unscheduled stop at Clapham Junction the other night, people tried to board but the doors remained resolutely shut.

Equal to his responsibilities, an announcer explained, "This train hasn't stopped here."

Observer

BASE LENDING RATES

ABN Bank	11½%	Grindlays Bank	‡11½%
Allied Dunbar & Co.	11½%	■ Guinness Mahon	11½%
Allied Irish Bank	11½%	■ Hambros Bank	11½%
American Express Bk.	11½%	Heritable & Gen. Trust	11½%
Amro Bank	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co.	11½%
Associates Cap. Corp.	11½%	Hongkong & Shanghai	11½%
Banco de Bilbao	11½%	Johnson Matthey Bkrs.	11½%
Bank Hapoalim	11½%	Knowsley & Co. Ltd.	12 %
Bank Leumi (UK)	11½%	Lloyds Bank	11½%
Bank Credit & Comm.	11½%	Edward Manson & Co.	12½%
Bank of Ireland	11½%	Meghraj & Sons Ltd.	11½%
Bank of Cyprus	11½%	Midland Bank	11½%
Bank of India	11½%	■ Morgan Grenfell	11½%
Bank of Scotland	11½%	Mount Credit Corp Ltd.	11½%
Banque Belge Ltd.	11½%	National Bk. of Kuwait	11½%
Barclays Bank	11½%	National Girobank	11½%
Beneficial Trust Ltd.	12½%	National Westminster	11½%
Brit. Bank of Mid. East	11½%	Northern Bank Ltd.	11½%
■ Brown Shipley	11½%	Norwich Gen. Trust	11½%
CL Bank Nederland	11½%	Peoples Trust	12½%
Canada Permanent	11½%	PK Finans. Intl. (UK)	12½%
Cayzer Ltd.	11½%	Provincial Trust Ltd.	12½%
Cedar Holdings	13 %	R. Raphael & Sons	11½%
■ Charterhouse Japhet	11½%	Roxburghe Guarantee	12 %
Citibank NA	11½%	Royal Bank of Scotland	11½%
Citibank Savings	¶11.95%	Royal Trust Co. Canada	11½%
City Merchants Bank	11½%	Standard Chartered	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12½%	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.69%. 1-month 8.03%. Top Tier—£2,500+ at 3 months notice 10.72%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 7.69%. Mortgage 12.25%.

● Nigel Lawson

Profit-sharing

The chance of a revolution

By Samuel Brittan

● Martin Weitzman

NIGEL LAWSON'S main chance of a place in history depends on the fate of the profit-sharing *incentive*, which he foreshadowed in the Budget and which dwarfs everything else in the Budget in importance. It did not achieve the attention it deserved, partly because the business *and political* worlds have not realised the scale of the Chancellor's proposals. Another reason is that because of its "Green Paper" status—and the possibility that grey, hidebound, grumbling do-nothing Anglo-Saxon conservatism will strangle it at birth—there has been no blowing of trumpets. They need to be blown if Jericho is to fall.

The consultative document should be *presented to the May* meeting of the National Economic Development Council. But a careful reading of both the Budget speech and the Treasury Press notice on the subject are very illuminating.

Profit-sharing ideas have long been supported for industrial relations reasons and as an incentive to performance; and it has been part of Liberal policy since the Lloyd George Yellow Book of 1928, as David Steel reminds us in a new booklet.

But the credit for seeing its potentialities for promoting employment belongs to an MIT mathematical *economist Martin* Weitzman, whose book The Share Economy was published as recently as 1984 by Harvard University Press.

Mr Lawson introduced the subject of profit-sharing in his Budget speech by saying that the behaviour of pay — both its rate of increase and its rigidity in the face of market pressures — was the real Achilles' heel of the British economy: this and not the alleged dependence on North Sea oil. He then went on, almost exactly echoing Weitzman "If the only element of flexibility is the number of people employed, then *redundancies* are, inevitably more likely to occur. . . . One way out of this might be a move to a system in which a significant proportion of an employee's remuneration depends directly on the company's profitability per person employed. This would not only give the work force a direct personal stake and interest in their company's success . . . it would also mean that when business is slack, companies would be under less pressure to lay men off," and they would be keener to take them on in periods of expansion.

The proposal is, of course, *completely* different from the proposed Personal Equity Plan, which provides tax incentives for small investors and is inspired by—although perhaps less "generous" than—the French Loi Monory. It is also different from the Employee Share Ownership Plans (ESOPs) which were originally given fiscal incentives in the 1978 Budget under the Lib-Lab Pact.

Under the Chancellor's proposals, the profit share would not just be icing on the cake. On the contrary, part of what a worker now receives as straight pay would come as a *profit share instead. For* instance, an employee now receiving £8,000 per annum in pay plus fringe benefits might receive £6,500 pay plus £1,500 as a profit-related bonus, as is already common in Japan.

These are, of course, round numbers. But profit-related element could not be very much less than say 10 per cent, if the scheme is really to be job-promoting or more than 20 to 25 per cent if the cost to the Revenue is to be limited.

There is clearly an opportunity here for employees. For if profits do well, the £1,500 bonus could increase faster than the £6,500 basic pay, which would continue to be determined by collective bargaining, employer offers and so on in the usual way. But clearly there is a downside risk to the profit-related element if profits run into a bad patch. Because of the wider benefit of profit-sharing in generating more jobs (which constitute in economic jargon an "externality") there is a case for a tax incentive to encourage workers already employed to bear it.

The Treasury document makes clear that the tax relief would be given to the employee, not the employer. It would be given on a monthly or weekly *basis. Three* conditions were stated:

● A part of pay would be linked to profits per head in a recent period.

● Agreements would need to cover the great majority of employees, not necessarily in a whole business, but at least in a defined profit centre.

● Employees must not try to deflect the scheme's objectives *by preventing their employers* from hiring more labour.

> "If the only element of flexibility is the number of people employed, then redundancies are inevitably more likely to occur"

The last criterion is more "moral" than operational. It might nevertheless be useful as a backstop for the Inland Revenue in disqualifying blatant abuse.

The main reason for the Government's caution is not obstacle-mongering by the Inland Revenue which at the end of the day proved surprisingly *helpful in designing a fairly* simple scheme.

The nightmare which haunts the Government is that professional partnerships and City institutions will immediately declare themselves profit-sharing while the mass of non-financial companies employing the most labour will hold off.

There is no way of ensuring zero benefit *for* "the City"; and if it wishes to pander to *popular jealously of highly* paid young men, who in any case will be taken care of by the vagaries of the market and their own health, it might as well give up on all fronts and resign.

But ministers can reasonably say that if they are to take the flak on this front, there must be indications of a major take-up among employers corresponding to the US "Fortune 500."

There is some dispute about whether the tax incentive needs to be temporary or permanent. The Treasury wording is "temporary"; but it is difficult to see how this can *mean less than three years if* the scheme is to get off the ground. This will give plenty of time to debate the long-term ground rules.

Weitzman would claim that *profit-sharing will pay for* itself because it will promote a higher level of activity and employment, and thereby enhance the revenue. But this is too like a US "supply-side" argument to depend upon in advance.

Leaving aside the self-financing hopes, some rough orders of magnitude can be established. Suppose profit-sharing is adopted by firms covering 5m employees with a profit-related element in earnings amounting on average to £1,500 pa. Then the total annual sum involved would be £7.5bn. If most of this is taxable at the basic rate, or *just under, the* normal tax revenue would come to just over £2bn. If there is a 50 per cent rebate, the Exchequer cost would be £1bn.

This is just about the extra sum the financial markets will take on the PSBR for an anti-stagflation structural reform, making less likely the return of a majority Labour Government.

The idea is so important as the one hope on the horizon for tackling stagflation, that it would be worth the Chancellor, in the last resort, fighting for it even at the expense of *income tax cuts.*

Although the Inland Revenue needs to watch out for abuse, it would be a great pity if the line were drawn so tightly as to exclude employee ownership and participation of a non-Weitzman kind.

Prof James Meade's labour-capital partnerships would probably qualify anyway. But so should employee share schemes if they are enlarged to a point where their shares are an important part of total remuneration.

The handful of co-operatives and organisations like the John Lewis or Baxi partnerships should surely be within the net. *For remuneration in such organisations is highly geared to commercial performance.*

Nor should one overlook the more traditional motivational arguments for profit-sharing. *As a Japanese industrialist*, Mr Konosuke Matsushita remarked:

"For you the essence of management is getting the ideas out of the heads of bosses into the hands of labour. . . . For us the core of management is the art of mobilising and putting together the intellectual resources of all employees in the service of the firm."

Union leaders will want to know if profit-sharing is just a back-door method of producing lower real wages. The reader will not be surprised to discover that economists disagree on this, but may be pleased that I have run out of space to expound the controversies.

My own assessment is that, in the way that profit-sharing is likely to be operated by British managements, the most that can *happen is a lower rate of increase* of pay than would otherwise occur; and the more companies that move to profit-sharing, the less even this kind of pay squeeze will be.

Moreover, the micro-economic motivational benefits could easily be large enough to improve performance so much that the market-clearing rate of pay may not fall at all.

The British establishment will never forgive itself if it throws away this opportunity — or allows the Government to get cold feet.

Exchange Rates

Three key currencies in achieving stability

By Giovanni Magnifico

INSTABILITY has been a persistent feature of the dollar over the last 15 years or so. Although *prices in the US and the Federal* Republic of Germany have followed similar paths, the dollar-D-mark exchange rate has been much more variable than either the D-mark/French franc or *Italian lira rates, notwithstanding* the great divergence in economic "fundamentals" between France and Italy.

Some observers think that the Group of Five meeting in New York last September may not have laid the foundations for a new era of stability and that we may now be seeing yet another episode of "overshooting" on exchange markets. They argue that countries' different *priorities will be a formidable* obstacle to achieving consistency in the policies being followed by the US, Europe and Japan with the goal of exchange rate stability. They therefore expect the dollar to bounce back after the present phase of weakness.

In addition to exchange rate instability, interest rates on dollar-denominated assets have fluctuated widely. The exchange and interest rate instability of the dollar has paved the way for the yen to become more international and for the Ecu to take off as an international currency. Although the dollar is still by far the most used international currency, there are signs that we are moving towards a tripolar system, based on the yen and the Ecu alongside the dollar.

As a "basket" of currencies, the Ecu tends, by construction, to be more stable than the individual component currencies in terms of both exchange rates and interest rates, that is the overall yield of the asset for savers, *and the cost of financing* for debtors.

Moreover, the composition of the "basket" tends to make the Ecu follow a course midway between strong currencies and weak currencies. It therefore provides a compromise solution to the problem of commercial invoicing that has a competitive advantage over the monetary instruments, except when the bargaining positions of *importer and exporter are so strong* that they can impose the use respectively of a weak currency and a strong currency.

The Ecu offers advantages of a more "conventional" nature: for instance, it enables Japanese and US investors who wish to *diversify their European investment* to achieve significant economies of scale compared with the alternative of operating in several different currencies.

The Ecu is now on the road to becoming a replay of the Euro-dollar in the 1950s. In the space of ten to 15 years, the Ecu could also achieve real macroeconomic importance. Some difficulties, the removal of which is judged vital for the development of the Ecu, were also encountered by the Euro-dollar, but they did not prevent its growth.

Expectations on exchange *markets that there will be a* general realignment of EMS central rates do not fully discount the improvement in the economic outlook that the weaker countries in the EMS have also recorded as a result of the simultaneous falls of the oil price and the dollar exchange rate. They are based on the coincidence last month of a series of circumstances favourable to a realignment. For instance, the elections in *France removed the "political"* obstacle to a devaluation of the franc and the UK Budget would have provided an opportunity to announce British participation in the EMS exchange agreement. But, following the depreciation of the last few weeks, the pound lies already at what is generally considered its medium-term equilibrium level.

Ample opportunities for exchange dealers to make profits

Another factor that leads to exchange market expectations of a realignment is that the weaker EMS countries might wish to improve their competitiveness, especially *vis-a-vis* Germany. This would be *analogous to the US decision* last year to act to bring down the dollar. But they would have to pay a rather high cost in terms of inflation, a cost that would eventually wipe out much of the greater part of the initial competitive gain. It is argued that the German authorities might, under certain circumstances, wish "unilaterally" to revalue the D-mark upwards and that a sudden fall of the dollar might put an unbearable strain on the present grid of EMS central rates. But these are merely hypotheses.

An EMS realignment appears on paper to be anything but inevitable. It is not likely that markets will force the authorities to modify the grid of central rates in the near future, despite the fact that expectations often prove to be self-fulfilling in this field.

It would appear that conditions are developing for greater cohesion within the EMS and one of the problems now will be how to avoid the dollar somersaulting in terms of the D-mark and the yen. The US authorities may have been successful in harnessing the exchange rate instrument to the current objectives of American economic policy. This was good for the US economy, though not indisputably so for US industry. Certainly it did not enhance the quality of the dollar as an international currency.

Internationally, just as domestically, stability is of the essence for a currency. Moreover, forcing the depreciation by officially "talking down" the dollar has created a one-way option for currency speculation. The uninterrupted months-long decline of the dollar has offered ample opportunities for exchange dealers to make profits. They are now more prone to risk because they can sustain a loss and still boast of a large net profit to their employers.

An approach which encourages currency speculation is technically a clearly inferior one—and inferior also to the fixed exchange rate system which was considered to be a boon to speculators in the early 1970s. A system based on "target zones" for the three key currencies might be the *way out of the present disorder* in world monetary relations.

The author is chairman of Manusardi and an international consultant on finance.

Letters to the Editor

Persistence of unemployment

From Mr K. Jackson

Sir,—Professor Alan Budd (March 26), says that Sir Alan Walters is baffled by the persistence of unemployment coupled with high/rising wages. Recognising that there are no simple explanations, may I offer a suggestion.

The rate of change in the business world (whether involving manufacturing or the provision of services) is accelerating faster than our national capacity to deliver trained employees. We are thus unable to exploit the full potential of all the avenues of *performance and innovation* that are available. Business compounds the problem by failing to invest enough money in training . . . thus the skilled few command ever higher earnings.

At the same time the unskilled section at the bottom of the labour pyramid is being joined by increasing numbers of semi-skilled or un-skilled workers; the greater demands of the business world contain limited prospects of re-employment for them unless we make a massive investment in retraining. Such an investment at the business level is of dubious merit when we already have an adequate number at the next higher level of the skills pyramid—who themselves will be at risk in the next wave of technological change unless we *invest training in them also.*

At the national investment level this suggests that public works programmes, however extensive and however desirable, will never be more than a short term palliative for unemployment. Britain plc needs massive investment to upgrade the performance of every educational establishment it possesses. If this action were successful in raising the quality of their output, the business world could concentrate on adding value with its training programmes instead of having to "make do and mend."

The roller-coaster potential of a better educated work force, growing by being more competitive internationally, winning business rather than losing it, deserving as well as earning higher wages, speaks for itself.

Keith Jackson.
75 Little Walden Road,
Saffron Walden, Essex.

Gasifying coal

From Professor Sir Frederick Warner

Sir,—On March 26 you quoted Mr Ken Moses, technical director of the National Coal Board, on plans to gasify a 6 ft seam 2,000 ft below an airfield at Newark. I hope before any work begins that a desk study looks at the results of the P5 trial at Newman Spinney in 1958-59 which gasified 10,000 tons and operated a 5mW power station. The gas was dirty and around six per cent of the calorific value of natural gas.

I do not think the trial would have begun if the small-scale experiments beforehand had been properly assessed. They set up an underground gasification executive which included Bronowski and Schumacher. In 1957 a team, of which I am a survivor, was despatched to see work in the USSR. This was inspired by Lenin's observation in Iskra (1915) about Sir William Ramsay's experiments *in 1912*. We saw *directional* drilling at Lisichansk and examined work on hard coal there and on lignite at Tula. Even using oxygen-enriched air, the gas was never better than 10 per cent of natural gas.

From memory over the holiday, without looking at the files, the process involves blowing so hard to keep the coal alight that *the gas emerges with litt'e* hydrogen or carbon monoxide but a lot of hot flue gas. The heat recovered from the coal did not exceed 50 per cent because of conduction to the surrounding strata and water seeping in.

(Sir) Frederick Warner.
Cremer and Warner,
140 Buckingham Palace Rd, SW1

Promissory oil notes

From Mr B. Best.

Sir,—The collapse in oil prices has brought considerable hardship to exporters and to contractors operating in oil producing countries.

Given the sharpness of the fall in oil prices, it may be a matter of years rather than months before the market readjusts. When this takes place, oil revenues, either generated by sales of a larger volume of lower priced oil or a return to higher oil prices, will once again match commitments more closely.

On this assumption, it may be considered reasonable for oil producing countries, rather than offering oil as barter now, which may be difficult to place, to establish repayment schedules based on the issue of a series of oil promissory notes to settle their accounts over, say, five years. Payments could be evaluated on the basis of current debt and converted into oil at the price on the date of signature, actualised by conventional techniques. More complicated methods could be devised to suit individual cases.

As the price of oil by 1990 could well be anywhere between, say, $10 and $25 per barrel in today's prices, creditors would receive in the form *of a series of promissory notes*, fixed quantities of oil at given dates. They would have the choice thus of holding the notes until maturity or discounting them by conventional means, but in any event, they would have a fair chance of more than recouping some of their losses.

Brinsley Best,
90, Rue Saint-Antoine,
75004 Paris.

Concern of millions over pensions' safety margins

From Mr C. Lewin

Sir,—Under the Budget proposals, members of occupational pension schemes will find that in future there is a lower safety margin to secure the full payment of their pension. This is a matter of concern to millions of people.

The Chancellor has proposed that in future any surplus monies paid back to an employer from an approved occupational *pension scheme* will be subject to tax at 40 per cent. This proposal is entirely acceptable and should help to prevent possible abuse in takeover situations. What is the justifica*tion, however, for the* Chancellor's further proposal, that pension schemes will be required to restrict their asset holdings to no more than 5 per cent above the estimated capital *value of the benefits to be paid* in future years?

It is impossible for actuaries to be sure of the capital value of the benefits to be paid from a pension scheme within anything like a 5 per cent margin. *So much depends on factors* over which no-one has any control, such as the extent to which the interest earned on the assets in future will exceed the rate at which salaries increase. *Hence* a 5 per cent margin would leave a pension fund vulnerable to adverse future experience.

There appears to be a real danger that the imposition of a statutory valuation basis, prescribed by the Government Actuary, could compel a scheme to release safety margins against the advice of *its own actuary, who is able to take* account of all the circumstances affecting that scheme. It would be better, therefore, if the Government can justify a need to control safety margins at all for it to *insist merely* that the scheme should not retain a safety margin greater than that recommended by the actuary to the scheme.

If this is not acceptable, then there is still an alternative which *stops* short of compelling the scheme to cut its safety margin against the advice of its actuary. This would be to re-introduce the pre-1970 concept of partial disapproval of pension schemes for tax purposes. The fund would remain fully approved as long as it was no greater than 5 per cent in excess of the value of the benefits, but any additional fund which was retained on the advice of the actuary would not qualify for tax relief on investment income.

In any case a test figure of only 5 per cent more than the value of the benefits is absurdly low, whether under the Government's proposals or under the suggestion for partial withdrawal of tax relief made above. Because of the potential for large swings between surplus and deficiency over quite a short period, as is amply demonstrated by the experience of the last 10 years, it would be preferable to raise the 5 per cent margin to, say, 20 per cent at least.

It is understood that the Government's proposals on the 5 per cent limit are restricted to self-administered pension schemes and that insured schemes (even those where only the investments are managed by insurance companies) will be exempt. There appears to be no logical reason for such a distinction.

Thus the proposals, as at present conceived, are unsound in principle. Statutory tinkering at short notice with a funding system which has been developed over the last 250 years is bound to lead to problems. At the very least, therefore, the proposal to restrict safety margins should be deferred to next year's Finance Bill, rather than trying to rush it through now.

C. G. Lewin.
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FINANCIAL TIMES

Thursday April 3 1986

BANNING ORDER ON WINNIE MANDELA LIFTED

Tutu calls for punitive sanctions

BY ANTHONY ROBINSON IN JOHANNESBURG

BISHOP Desmond Tutu, the Anglican Bishop of Johannesburg and 1984 Nobel Peace Prize winner, yesterday courted possible arrest by openly calling for "punitive sanctions" by the international community against the South African Government.

As he spoke it was announced that Mrs Winnie Mandela, wife of the jailed African National Congress leader Mr Nelson Mandela, had been released from the banning order under which she has lived – with short interruptions – since 1962.

Addressing a press conference in a Johannesburg church Bishop Tutu recalled that he had been trying for 10 years to persuade the Government to abolish apartheid, but concluded: "I have no hope of real change from this Government unless they are forced."

Six months ago, the bishop warned that he would make a clear statement on the sanctions and disinvestment issue if real progress towards the abolition of apartheid had not been made by March 31.

Now, he said, "our land is burning and bleeding, and so I call on the international community to apply punitive sanctions against this Government to help us establish a new South Africa, non-racial, democratic and just."

Asked whether he had a mandate from blacks to call for sanctions, the bishop said that he had never sought to speak on behalf of anybody else, but cited two recent public opinion polls which showed that 70 per cent of blacks interviewed supported sanctions.

Bishop Tutu arrived at the press conference accompanied by his legal advisers and academic legal experts who declined to speculate on the risks of arrest under various sections of the public security acts. Some years ago the bishop's passport was withdrawn for two years.

The lifting of the latest banning order imposed on Mrs Mandela is a victory for the determined action taken by defence lawyers through the courts over the past few weeks.

Two weeks ago the appellate division of the supreme court in Bloemfontein overruled the banning order imposed on 16 anti-apartheid activists just before the August 1984 elections to the Indian house of the new tri-cameral parliament.

The judge ruled that the banning orders imposed by Mr Louis Le Grange, the Minister for Law and Order, were invalid because the Minister had not given sufficient reason for imposing them as required under section 28 of the internal security acts.

This historic judgment was subsequently used to secure the release from banning orders of a number of anti-apartheid activists and was the basis for lifting the ban on Mrs Mandela.

Mrs Mandela, first banned in 1962, shortly after the arrest of her husband, was forced to leave her family home in the Soweto township near Johannesburg in 1977 and banished to the black township of Brandfort, near Bloemfontein. When her Brandfort home was burnt down in mysterious circumstances last year she defied her ban and moved back to Soweto.

Police tolerance of her defiance ended when her Brandfort home was rebuilt. She was forcibly evicted again under an amended banning order which barred her from the Roodepoort and Johannesburg magisterial districts, and effectively from her Soweto home, without forcing her back to Brandfort.

Yesterday she prepared to move back to Soweto from her hotel room in northern Johannesburg. But although no longer banned Mrs Mandela remains a "listed person" whose words are not allowed to be quoted in South Africa. She also remains deprived of her husband who remains in Pollsmoor jail near Cape town.

Speaking to journalists yesterday Mrs Mandela said she was now convinced that the Government had no intention of releasing her husband and that earlier rumours of his possible release were all a ploy to hoodwink the world and international bankers during the recent debt negotiations.

EEC heads for budgetary chaos

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission yesterday revealed the details of the EEC's renewed slide towards budgetary chaos with a warning that it will not be able to meet in full this year commitments in social, regional and agricultural spending worth Ecu 1.169bn ($1.08bn).

At the same time financial planners have calculated that, in two years, the 12 Community countries will have substantially to raise their contributions to the budget if they want to continue existing policies.

Mr Henning Christophersen, the budget commissioner and formerly Danish Finance Minister, presented this picture of the budgetary crisis yesterday.

The shortage of funds is bound to lead to renewed political friction within the Community. Germany and the UK are opposed to Community spending this year above the figures in the still-disputed 1986 budget. The Commission presents a supplementary budget of about Ecu 2.5bn next month, notwithstanding this opposition.

Increased national contributions to the budget from 1988 are dependent on unanimous agreement among the Twelve. They would be linked to the question of renewing the system of budget rebate for the UK, which raises the possibility of another acrimonious dispute along the lines that dogged British membership of the Community for a decade.

Budget contributions from the Twelve were raised this year from 1 per cent to 1.4 per cent of a so-called VAT ceiling – in fact, a percentage of retail sales of a given basket of goods and services in each member country of the Community.

The increase is being taken up in its entirety. "The supplementary budget will exhaust the 1.4 per cent," said Mr Christophersen. The Community is embarrassed not only by the rising cost of selling off its surplus farm stocks but also by what the Commission calls "serious difficulties in the implementation of the three structural funds."

These funds cover social, regional and rural reform spending.

In the past few years ministers have been making spending commitments with budget appropriations. Now the commitments are falling due and a shortfall of Ecu 1.169bn, larger than previously estimated, has emerged for 1986.

The Commission would like this eliminated with one series of extra credits so that the working of the funds can be kept on an even keel. But if that were done total budget spending would go through the 1.4 per cent ceiling.

The only alternative the commission offers is to modulate the speed of payments, or, in other words, thrust some of the debt into future budgets. It hopes that some Ecu 800m of the needed funds could be agreed in the supplementary budget.

With a supplementary budget included, total Community spending this year is expected to reach Ecu 35.2bn, of which Ecu 22bn would go on supporting the farm sector, according to the estimates of Mr Christophersen's planners.

A four-year budget plan shows that spending would climb to Ecu 40.16bn in 1988 and Ecu 45.5bn in 1990 just on the basis of present policies. By 1988, it would be necessary, if the total is to be accommodated, to raise the VAT ceiling from 1.4 per cent to 1.6 per cent.

Such a rise was foreseen as a possibility by EEC leaders at their Fontainebleau summit in June 1984, when it was thought the British budget question had been laid to rest.

The Commission now moves into a series of meetings with ministers and the European Parliament in the hope that the immediate budget problems can be settled by the end of the month.

Hiram Walker unit sale faces challenge

BY BERNARD SIMON IN TORONTO

OLYMPIA & YORK, the Toronto based real estate and resources group, is expected to re-enter the takeover battle for Canadian energy and liquor group Hiram Walker Resources today by seeking a court injunction to block the proposed sale of Hiram's distilled spirits interests to the British food and drink group, Allied-Lyons.

According to unconfirmed reports an O & Y unit will also ask the Ontario Supreme Court to stop Fingas Investment Corporation a new company in which Hiram and Allied-Lyons are the largest shareholders, from proceeding with a proposed offer for 50m Hiram common shares.

No details of O & Y's case were disclosed.

Both the sale of Hiram's liquor business to Allied-Lyons and the Fingas offer for Hiram shares are designed to foil a C$1.6bn (S2.22bn) takeover bid for Hiram Walker by Gulf Canada, an 80 per cent-owned subsidiary of Olympia & York.

Gulf has offered to buy 40m Hiram common shares at C$32 a share and all 13.7m class (D) preference shares for C$28.63 a share.

Gulf's offer, which would give it a 52 per cent voting interest in Hiram, was due to open on the Toronto and Montreal stock exchanges tomorrow, but has been postponed because of the competing Fingas bid.

This Toronto Stock Exchange said yesterday that the Fingas offer will probably also be delayed by O & Y's court action.

The relative merits of the Gulf and Fingas offers are being strongly debated. Although Gulf is offering a lower price, it apparently has no intention of dismembering Hiram by spinning off its liquor interests.

Prior to Gulf's bid O & Y owned 11 per cent of Hiram's voting shares. Gulf has also lined up the support of Hiram's largest shareholder, Interprovincial Pipe Line, which has a 17 per cent interest.

Manila more hopeful over Marcos assets

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of Philippine President Corazon Aquino has become more optimistic about the chances of retrieving properties and investments abroad, reportedly worth hundreds of millions of dollars, which were illegally acquired by ousted President Ferdinand Marcos and close business associates over the last two decades.

Mr Jovito Salonga, head of a special Government Commission tracking down Mr Marcos's foreign assets, said yesterday that co-operation from authorities in the US and Switzerland, where the bulk of the investments are located, made prospects of early retrieval "brighter than we had anticipated."

Mr Salonga was speaking on his return to Manila from New York, where he obtained more than 2,000 documents seized by US customs officials from Mr Marcos in Hawaii detailing the former President's extensive financial holdings abroad.

The Finance Minister, Mr Jaime Ongpin, and Central Bank Governor Mr Jose Fernandez left Manila on Saturday for Washington and New York to renegotiate the economic programme previously agreed with the International Monetary Fund (IMF) by the Marcos Government.

The Philippines has not yet drawn SDR 212m ($243m) from a SDR 615m loan negotiated with the IMF in late 1984. The IMF held back the tranche earlier this year after the Philippines failed to meet economic targets set for the first quarter of 1986.

Among Mr Marcos's known assets are four buildings and an estate in New York valued at $350m.

Mr Salonga said the trustees of the properties, the Bernstein brothers, had agreed to testify before the US congressional committee on April 8 and to testify in court as well.

Dollar and sterling advance

Continued from Page 1

rosterling and Eurodollar deposit rates now stands at 4 percentage points.

Brokers argue that falling oil prices, which used to be regarded as bad for sterling because of their negative effect on the UK trade balance, reduce the expected level of inflation and thereby raise real interest rates.

Investors have been reassured that the move to lower UK interest rates will not be too hurried by the Bank of England's firm action 10 days ago to resist downward pressure on money market interest rates. Three month interbank rates have remained near 11¾ per cent since then.

They have also been reassured that the pound has needed no support from the Bank of England.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	S	19	66	Malta	S	19	66	Rhodes	S	22	72
Algiers	S	27	81	Edinburgh	F	7	45	Manchester	F	7	45	Rio de J'o	S	32	90
Amsterdam	F	8	46	Faro	R	14	57	Manila	S	35	95	Rome	S	17	63
Athens	S	20	68	Florence	S	18	64	Melbourne	S	26	79	Salzburg	F	14	57
Bahrain	C	27	81	Frankfurt	S	10	50	Mexico City	S	25	77	San Francisco	F	19	66
Bangkok	S	35	95	Funchal	F	17	63	Miami	S	25	77	Seoul	S	17	63
Barcelona	–	–	–	Geneva	F	11	52	Milan	F	16	61	Singapore	F	30	86
Beirut	R	17	63	Gibraltar	F	16	61	Montreal	C	26	79	Stockholm	C	2	36
Belfast	F	8	46	Glasgow	F	8	46	Moscow	F	6	43	Strasbourg	C	9	48
Belgrade	S	19	66	Guernsey	F	8	46	Munich	C	9	48	Sydney	S	27	81
Berlin	F	9	48	Helsinki	C	3	37	Nairobi	F	26	79	Taipei	C	24	75
Biarritz	F	13	55	H. Kong	C	18	64	Naples	S	21	70	Tangier	F	17	63
Bombay	–	–	–	Innsbruck	S	13	55	Nassau	S	25	77	Tel Aviv	R	18	61
Bordeaux	S	14	57	Inverness	F	7	45	New Delhi	S	31	88	Tenerife	F	20	68
Brussels	F	9	48	Islamabad	S	24	75	New York	F	22	72	Tokyo	S	16	61
Budapest	C	9	48	Istanbul	S	17	63	Nice	S	16	61	Toronto	C	26	79
B. Aires	R	23	73	Jakarta	R	31	88	Nicosia	R	18	64	Tunis	S	24	75
Cairo	C	24	75	Jersey	F	10	50	Oporto	F	16	61	Valencia	–	–	–
Cape Town	S	28	82	Jo'burg	S	24	75	Oslo	F	8	46	Venice	F	17	63
Caracas	C	32	90	Lima	S	24	75	Paris	F	10	50	Vienna	F	12	54
Casablanca	R	13	55	Lisbon	F	15	59	Peking	F	18	64	Warsaw	F	7	45
Chicago	R	17	63	London	C	9	48	Prague	S	11	52	Washington	–	–	–
Cologne	F	10	50	Los Angeles	F	20	68	Reykjavik	S	0	32	Zurich	S	11	52
Copenhagen	C	7	45	Luxembourg	F	8	46								
Corfu	S	20	68	Madrid	C	20	68								
Dallas	–	–	–	Majorca	–	–	–								
Dublin	C	6	43	Malaga	–	–	–								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Alberta grants C$400m aid to energy companies

BY BERNARD SIMON IN TORONTO

THE CANADIAN province of Alberta has unveiled a C$400m (US$288m) package of tax and royalty concessions to alleviate the impact of lower oil prices on energy producers in western Canada.

The provincial Government and the oil and gas industry also plan to ask the federal authorities to support producers by cutting federal taxes. Calls are growing in western Canada for Ottawa to reimpose controls lifted last year on domestic energy prices in an effort to cushion local producers against the precipitious drop in international prices.

The measures, announced by Alberta's Energy Minister, Mr John Zaozirny, will be of greatest benefit to small producers. An existing royalties tax credit will be lifted from 75 per cent to 95 per cent to a maximum of C$3m a year for each company. Mr Zaozirny estimated that this concession will boost the cash flow of the province's 2,500 small producers by C$100m a year.

A second programme will allow companies to withhold C$500,000 from each C$1m of royalty payments up to an aggregate of C$300m.

The fall in oil prices has sharply reversed a strong revival in the western Canadian industry sparked last by deregulation of domestic and export prices, the dismantling of punitive taxes imposed in the early 1980s and relaxed export controls. Canadian crude oil exports rose by 36 per cent in 1985 to 178m barrels. Oil is Canada's fourth largest export, with 1985 earnings reaching C$6bn.

The Canadian Petroleum Association said last week that following the drop in world prices, industry investment is likely to shrink by 38 per cent this year, with the number of new wells drilled dropping from a record 12,000 in 1985 to 7,900.

The lower oil price has increased pressure on a number of heavily indebted Canadian energy producers, notably Dome Petroleum of Calgary. Dome recently asked its 56 lenders to postpone interest and principal payments on a large part of its C$6.3bn debt.

Mr Zaozirny said that he plans to ask the federal Government next week to abolish immediately a 10 per cent petroleum and gas revenue tax instead of phasing out the tax over the next three years, as presently planned.

Noisy clash sets tone for French political season

By David Housego and Paul Betts in Paris

NATIONAL FRONT and Communist deputies set the tone for the new French Parliament yesterday by noisily jeering at each other shortly after deputies crowded into the National Assembly for the opening session.

Mr Marcel Dassault, 94, was unable to attend the first session because of illness, leaving a deputy of the extreme right-wing National Front – making a rowdy first entry into the Palais Bourbon – to take the chair and make the inaugural speech, a role traditionally awarded to the oldest deputy.

Mr Edouard Frederic-Dupont, 83, allowed a fellow National Front deputy to raise a point of order even before the assembly had elected its new president. Communist deputies responded, setting off a shouting match which Mr Frederic-Dupont then had difficulty in controlling.

As deputies milled out of the chamber to elect a president of the Assembly, Mr Edmond Alphanery, a member of the centre-right UDF, said, "We must expect more of that." Another observer remarked that it was inevitable that the two extremes – with 35 seats each – would engage in disruptive slanging matches.

The public galleries were crowded long before Mr Frederic-Dupont stepped up to the speaker's chair. Former President Valery Giscard d'Estaing slipped in silently beside Mr Jacques Chirac, the Prime Minister, who has now ousted him as leader of the French right.

Mr Raymond Barre, the former Prime Minister now blamed by some of colleagues for the narrowness of the right's victory, walked into the Assembly with a confident smile on his face.

Mr Charles Hernu, the former Socialist defence minister, warmly greeted Mr Robert Hersant, the right-wing newspaper magnate who has made his return to parliament. Noticeably absent was Mr Georges Marchais, the Communist leader.

In spite of the boisterous atmosphere, most deputies agreed that this would be a short lived legislature – lasting at most two years until the next presidential election. Several believe it will be even shorter than that.

Mr Jacques Chaban-Delmas, the former Prime Minister and Mayor of Bordeaux, was elected president of the new assembly, although he fell three votes short of the required absolute majority in the first ballot yesterday. His insistence on standing for the post caused one of the first breaches within the new right-wing majority as Mr Giscard d'Estaing had also been a possible candidate.

The first major business of the assembly will be Mr Chirac's statement of policy next week to be followed by a vote of confidence.

But Mr Jean-Marie Le Pen, the National Front leader, stole the show yesterday. Many deputies declined to acknowledge him, but when he stepped out of the chamber he was immediately thronged by television cameras and parliamentary reporters.

US lawsuits cost GRE over £95m

By Eric Short in London

THE GROWING trend among shareholders and corporations, particularly in the US, to sue their auditors when in financial trouble cost Guardian Royal Exchange, a leading UK composite insurance group, more than £95m ($139.8m) last year. This resulted in a massive after-tax loss for the group of £68.8m in 1985 compared with a profit of £54m in 1984.

GRE entered the professional indemnity insurance market in 1972, with a 6 per cent share of an overall liability underwritten mainly at Lloyd's. This contract insured partners in major UK accountancy firms with international practices against worldwide professional misconduct claims.

Mr Peter Dugdale, GRE's chief executive, said that in the early years this business had "proved a real money-spinner." But conditions changed, particularly in the US, with accountants being sued or threatened with legal action and claims began to come in.

GRE pulled out of the contract early last year because it could not obtain what it believed to be the necessary premium increases of about 10 times existing levels. But its action was too late to avoid heavy losses following the setting up of reserves to meet existing and future liabilities.

See Lex

THE LEX COLUMN

Double indemnity from GRE

Composite insurance companies make a great show of propriety in deciding what to put above the line, and what below. Unable to wriggle off the hook of professional liability insurance, Guardian Royal Exchange has chosen to write off £40.6m against pre-tax profits and has then taken a further £55m as an extraordinary item.

Since GRE had only the most marginal profit before either of these exactions no tax other than ACT on the dividend, and an attributables loss of £68.8m, the choice of parking place for these provisions was anything but critical.

Indeed the 10.6 per cent increase in GRE's dividend hints rather firmly that the number which really matter to a composite are not to be found on the profit and loss account at all.

By and large the comparison between successive balance sheets is more to present day tastes. Sun Alliance was able yesterday to justify paying £6.8m of its dividend from reserves by gesturing at the much more massive growth of shareholders funds. Over the last three months the bull market has pitched in something over £150m.

In GRE's case the currency mix of its investments has stripped it of this comforting pretext. Net assets are down by £100m.

Yet the chances are GRE will at last pull out of its prolonged underperformance. Biting all the bullets on professional liability and assorted reserve strengthening elsewhere will protect whatever improvement there is in underwriting results.

Unlike Sun Alliance GRE was not complaining too loudly at the existence of unsettled weather during English winters, while a cumulative 26 per cent rate increase should bring the unruly UK motor account to heel this year.

In any event yesterday was not a day for shares to reject the smallest glimmer of good news. GRE finished 28p higher at 878p; Sun Alliance ended 29p the better at 716p.

Enterprise Oil

The share price of Enterprise Oil has weathered the Opec storms better than most of its peers and yesterday it comfortably outperformed a rising oil market.

The preliminary results themselves were none too surprising – earnings advanced by £100,000 to £62.7m – but the company's repeated references to financial resilience were quickly interpreted as a veiled promise of maintained dividends in 1986.

On an average oil price of $10 or less Enterprise has no more justification than any other independent for holding the payment. At the very best the dividend would be funded by PRT credits. But the price of oil need not recover very far for Enterprise to reward its shareholders out of operating income.

Last year the company's average operating cost was around 280p per barrel and the exploration write-off represented about a quarter of gross profit.

As a relative newcomer, Enterprise has more scope to reduce the exploration spend than many of its competitors and has already budgeted on a 13 per cent reduction to around £40m if the going stays really tough. The company has also kept most of the financing impact of the Saxon acquisition off its revenue account through a cunning resort to fair value accounting.

Enterprise looks certain to underperform the sector if the oil price bounces back in style but the yield of 8.9 per cent – at last night's price of 142p – provides some compensation for the risk-averse.

Corporate bonds

While Peel Holdings was placing a £35m debenture issue in the domestic bond market yesterday lobbyists were preparing their case for the Chancellor to drop the ½ per cent stamp duty imposed on dealing in such bonds in the Budget.

No one in the City has yet understood the logic of the move, partly because it contradicts the Government's efforts to revive the corporate bond market beyond property company debentures and also because the tax seems unlikely to raise much revenue.

As Peel showed the tax has not quite killed the market stone dead but its effect has already been substantial. The confusion has delayed the start of dual-capacity trading in bulldog bonds. Secondary market trading in the affected stocks has been cut and investors have pushed up yields, thus raising the cost to future borrowers.

Many have diverted issues to the Eurobond market where the stamp duty does not apply and the bonds' bearer form will make the Inland Revenue's job of tracking down income tax much harder.

Only the top few dozen UK companies can hope to tap the international bond markets and lesser corporate borrowers must now pay a higher margin over gilt-edged yields in the domestic market.

Peel's issue was priced to yield 1 percentage point above the benchmark stock. Before the Budget it might have paid a 75 basis point margin. The borrower not the investor is in effect paying the tax.

If the Chancellor fails to see the lobbyists' logic the chances of a thriving loan stock market appearing onshore are slim unless the corporate finance boffins can find a way to issue them in bearer form and persuade investors to take the trouble of buying and holding unregistered securities.

Telephone tips

Fund managers may by now be sophisticated enough to realise that they cannot get ahead of each other just by reading brokers' circulars. News that is old enough to be in print, the saying goes, is already in the share price. But brokers and institutions alike have tended to set some store by intimate and regular telephone contact. The idea is that if you hear the tip before the others can read it, you may be able to gain some small advantage, a little like being an insider.

Only a very little, to judge by the results of some telephone tapping that was done – with the connivance of a leading broker – by Elroy Dimson and Paolo Fraletti of the London Business School. Their conclusion is that the excess returns from being on a broker's telephone hit list are so small as to be statistically negligible. Even for funds that only deal once on a recommendation (and never sell), the benefits probably do not exceed the costs. So the comfort of having a hot line may be overrated.

How many heads can be dafter than one

BY MICHAEL DIXON

GIVEN that most readers of this column work in companies, how come so many of you are ill informed about the laws of organisational behaviour?

Since I mentioned them a month ago, 58 people have demanded to know more about the rules which more often than not hold true when humans operate as groups. All the readers who responded were familiar with three of the rules: Parkinson's first and second laws and the Peter Principle. But they had never heard of the numerous others—not even of the additional two I quoted at the time: Mangham's Muffler and Harvey's Abilene Paradox.

The ignorance of the Paradox particularly disturbs me.

The effect of the Muffler is bad enough when companies in the West, at least, are increasingly anxious to become more innovative. For it is a rule of survival in subordinate positions that works to prevent creative ideas from ascending into the minds of top executives. Named after its originator, Professor Ian Mangham of Bath University, it states: "When communicating to superiors, new news is bad news."

But the Abilene Paradox deserves even more to be universally known. The reason is not only that its effects are if anything worse—it states: "People in committees agree on decisions which as individuals they know are stupid." It also provides a good example of the flash of insight by which such laws are discovered. It might therefore point the way to the recognition of further idiot tendencies which bedevil societies' attempts to live more happily as well as prosperously.

The discovery of the Paradox had nothing to do with deliberate research. It became known because an accidental event took place and somebody thought about it.

Even so, its originator is again an academic. He is Jerry Harvey, a psychologist, of George Washington University in the United States. And the event happened when he and his wife were staying with her parents in Coleman, Texas.

The temperature was 105° F and a dust storm was blowing. But the four of them sat on a verandah sheltered from the dust and cooled by a big fan. They were looking forward to dining on an assortment of delicious dishes left over from a party the night before. Meanwhile they were just lazing around, sipping iced lemonade and playing dominoes.

Suddenly Mrs Harvey's father proposed that they spruce themselves up, get into his car which had no air-conditioning, and drive 53 miles to Abilene to eat in a cafeteria there. Everyone immediately agreed. So they sweltered in the heat and dust all the way there, swallowed a plastic meal and sweltered back home, saying nothing.

Eventually Jerry Harvey broke the spiky silence by saying: "Well, that was a great trip, wasn't it"? Whereupon they all fell to bickering.

First the women took turns to spell out that they had known all along that the outing would be a disaster. They had wanted to go on lazing around, and each had agreed to the trip only because the others wanted to go. Finally the father-in-law declared that the outing had been the last thing he wanted. The only reason he had suggested it was that he felt the others might be bored.

Amid the recriminations Dr Harvey pondered what had happened. Here were four sensible people. As individuals, they each had known what was the best thing to do—to stay as they were. But as a group they had unanimously and instantly decided to go to Abilene.

One of the first things he realised was that the experience was quite the opposite of unusual. In their working as well as their personal lives, people join in trips to Abilene all the time.

As an example of the commercial type of excursion, Jerry Harvey has cited a US company which nearly bankrupted itself by continuing an expensive research project even though, as individuals, the company's president as well as the vice-president and manager in charge of the project knew it was hopeless.

But the president did not say so for fear that the scrapping of the project might cause bad publicity and provoke the vice-president to resign. The vice-president suppressed his views for fear that the scrapping might provoke the president to fire him. The manager feared it might get him sacked by both. So as a group they continued to look on the bright side while the company rolled down the dusty road to arrive in Abilene without the cash to pay its workers.

Why otherwise intelligent people readily collaborate in such nonsenses cannot be said for sure. Dr Harvey has suggested that our tendency to bite back our individual beliefs in favour of "going along with the group" might arise from fear of being ostracised if we disagree. The root of the fear may be that from an early age most of us are taught the pain of being rejected socially far more often than the rewards of risking being right on our own.

As a result, perhaps, when we operate collectively we tend to concentrate more on restraining personal conflict than on threshing out a sensible decision.

Whatever the reason for the lemming-like behaviour, however, the fact is that we indulge in it frequently. We do so time and again even when the other members of the group are not physically present.

Let's say, for instance, that we are to go to a cinema together tonight and I wish to see film X but think it would not be your choice. I — probably without consulting you — will suggest film Y. You wish to see film Z but suspect I would dislike it, and so immediately agree to Y. Rather than risk a row about our different preferences, we both end up doing something neither particularly wants.

By this time I would bet that pretty well all readers will have recognised that in some way or other they have been to Abilene at least once very recently indeed. If so, they will also know that the conflict they were trying to avoid in doing so did not just go away. It inevitably wells up again when the wrong destination is reached, with each of the fellow-travellers blaming all the others even if tacitly.

But I would also bet on something else. It is that those of you who now recognise that they have conformed to Jerry Harvey's law during the past few days, will nevertheless be unable to avoid going to Abilene again within the next few.

The sad fact is that merely knowing about the Paradox does not endow us with the wit to stop acting in the counter-productive and personally frustrating way it describes. And the same goes for the other rules of organisational behaviour which, if readers think it might be worthwhile, I will write about in a couple of weeks or so.

Charity chief

RECRUITER Robert Armstrong of Finance and Management Appointments seeks a Manchester-based chief executive for the National Occupational Hygiene Service. A registered charity, it carries out research and provides consultancy on most aspects of safeguarding people's health at work, and intends to expand.

Candidates should have knowledge of the field and be demonstrably successful in marketing and at leading professional and other staff.

Salary indicator £30,000-£40,000 with car among perks.

Inquiries to Mr Armstrong at 2 Booth St, Manchester M2 4AG; telephone 061-236 0541.

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TRAINEE DEALERS

As a result of continued development and planned expansion of one of London's leading dealing operations, we are looking to recruit a number of individuals of outstanding ability. Applicants should be aged 21-24 with at least an upper second-class honours degree. It would be an advantage to have gained up to two years' work experience in a commercial or dealing environment, although we will also consider recently qualified graduates.

Successful applicants will be trained in all aspects of Foreign Exchange and Money Markets. We will then expect them to progress rapidly to assume the highly demanding position of trader. Prospects for career advancement are excellent.

The Bank offers a highly competitive remuneration package, including bonus schemes and subsidised mortgage. To apply, please send full details quoting ref. SFM1 to:

Stuart Main, Personnel Manager, Chemical Bank, 180 Strand, London WC2R 1ET.

Director, Finance and Corporate Planning

South Yorkshire plc

in excess of £30,000 + Car + Benefits, including a Share Option Scheme

A profitable £70 million turnover food products manufacturer and distributor requires an experienced, commercially oriented accountant to take full responsibility for Group Finance and Corporate Planning.

With the support of two qualified Group Accountants and the Finance Directors and managers of five subsidiaries, he or she will be responsible for all financial aspects of the management of the Group. The Director's personal responsibilities will include the Group's relationships with institutional investors and other sources of finance, the development of corporate business plans and the control of mergers and acquisitions.

Experience as Finance Director of a company of similar standing will be desirable but exceptional candidates with other relevant experience will be considered.

Please send a comprehensive career résumé, including salary history, quoting reference 2644 to John Hampson, Executive Selection Division, at the address below.

Touche Ross

The Business Partners

11 Albion Street, Leeds LS1 5PJ. Telephone: 0532 444741.

US Government Securities

Sales and Trading

A major New York Bank is planning to expand its customer base in this highly specialised market and currently requires an individual with at least 3 years' experience, to increase its potential within the London time zone.

This diverse role is crucial to their international expansion effort and will combine:

★ **Sales** developing an international institutional client base with primary focus on Europe and the Middle East.

★ **Trading** using traditional US Government yield curve analysis; and taking advantage of variable market conditions.

Candidates will require an intimate knowledge of the US Government securities market, and have the necessary drive and enthusiasm to develop their London-based team, working closely with New York, but with a high degree of autonomy.

A competitive remuneration package is negotiable for those with the necessary skills and experience to succeed in this role. Applicants should contact **Christopher Smith on 01-404 5751**, or write to him, enclosing a detailed c.v., at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting ref. 3617.

MP

Michael Page City

International Recruitment Consultants—London Brussels New York Sydney

A member of the Addison Page PLC group

Corporate Finance Manager

London **to £30,000 + benefits**

Our client is one of the major new British investment banking groups in the City with unrivalled international connections.

The merchant banking division continues to expand its corporate finance activities and currently seeks to appoint a Corporate Finance Manager. The individual appointed will be responsible for identifying and structuring deals in all areas of corporate finance, including mergers and acquisitions, capital raising in both fixed interest and equity markets, placings, new issues and general advisory work.

The successful applicant, aged 25-32, is likely to be a graduate with a minimum of three years' corporate finance experience in a leading accepting house or major firm of accountants or solicitors and the personal qualities to negotiate at senior levels within the UK corporate sector.

Prospects for progression are excellent and will depend solely on performance. The remuneration package is negotiable, depending on experience and ability and will include a discretionary bonus and normal banking benefits.

To arrange an initial interview please contact **Jonathan Williams**, Director, Michael Page City, on **01-404 5751** or write to him at 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City

International Recruitment Consultants—London Brussels New York Sydney

A member of the Addison Page PLC group

c£18,000+Banking benefits

PROJECT MANAGEMENT

Improve our performance while developing yours

The TSB Group continues to grow strongly across a wide spectrum of the financial services market. We need continually to examine our performance and as a result now need to take on board two additional Project Analysts in the Profit Improvement Unit within the Group Central Executive.

The Unit offers a valuable service to the Group as a whole and is currently engaged on major projects in areas throughout the organisation on topics such as profit enhancement, cost effectiveness, business development and organisational improvement. As Project Analyst you would assist the Units Project Managers and Project Executives working both as an integral member of a project team or providing a supporting role.

Candidates must either be graduates in a business related discipline or hold a recognised professional qualification—accountancy preferred. They should be able to show positive evidence of career progression in a financial service or business related environment. Energetic, self-starters, they need a breadth of outlook to adapt and react to different business situations, and the perception to recognise opportunities for improvements. Well developed social and communication skills are important coupled with the confidence to operate at a high corporate management level. Preferred age late 20s.

This is an excellent opportunity to develop your management skill while broadening your knowledge of the banking environment with a view to further career development. An attractive remuneration package plus banking benefits is offered including relocation expenses where appropriate.

Please write enclosing full curriculum vitae to:
Mr I. J. N. Stroud, Management Development Executive,
TSB Group Central Executive, 25 Milk Street, London EC2V 8LU.

TSB GROUP

HUNGARIAN INTERNATIONAL BANK LIMITED

Treasury Manager

We are a successful and expanding bank noted for its forfaiting, asset based finance and countertrade operations. Due to the imminent retirement of our current Head of Treasury we are now seeking a Treasury Manager who will report directly to the Managing Director and who will help us in the further development of our foreign exchange and deposit trading department enabling us to participate fully in the new financial markets.

The person will ideally be between 30-40 years of age and will have had extensive experience working in a modern and active trading environment with a good knowledge of foreign exchange, deposit, interest rate swaps, futures and options markets. The Treasury Manager will be expected to communicate with senior personnel in both domestic and international banks and travel abroad on behalf of the Bank. To fulfil the full potential of the position the candidate we seek will need to possess good communicative and leadership skills.

We are offering an attractive salary and a range of other benefits appropriate to this senior position.

Write in confidence enclosing a detailed Curriculm Vitae to:—

Mr J D Howse
Manager: Personnel
Hungarian International Bank Limited
Princes House
95 Gresham Street
London EC2V 7LU

New Post in Fund Management

London-based

As part of its continued expansion, Globe Investment Trust P.L.C. wishes to appoint a further assistant to work with its existing specialist team.

Assistant Investment Manager

Far East

You will be required to maintain close contact with various financial intermediaries and market makers, whilst providing some research and statistical Back-up to the Far East Investment Manager.

Probably in your early to mid 20's you should ideally have worked in a financial institution or stockbroking firm. Some knowledge of Far Eastern markets would clearly be an advantage, but not absolutely essential.

Starting salary for this position will be negotiable depending on experience and will be part of an attractive financial package.

To apply write in confidence, with brief career details to Mr J.P. Craze, Secretary, Globe Investment Trust P.L.C., Electra House, Temple Place, London, WC2R 3HP. Telephone 01-836 7766.

Globe Investment Trust P.L.C.

ACCOUNTANT/ FINANCIAL ANALYST

£22,000 p.a.

London Forfaiting Company Limited is a subsidiary of Exco International plc and specialises in trade-related international finance.

The company has a well-established research department whose function, working to tight deadlines, is to assess country and bank risk. As part of a major expansion programme we now require a person to help us with corporate credit risk analysis.

The successful candidate will have a background in accounting or corporate credit analysis and will be capable of interpreting the accounts of a wide variety of UK and international enterprises. The ability to work hard under pressure is essential.

Please reply in confidence to:

A. C. P. Milnes
Group Personnel Manager
London Forfaiting Company Limited
1 St. Katharine's Way, London E1 9UN

EUROBOND SALES

A large and well known US Securities House, currently expanding in response to market demands, is looking for additional Sales professionals. We would like to hear from candidates with at least a full year's experience, preferably in US Dollar products – although we would also be interested in people with exposure to other currencies. Salary will more than match current market levels and substantial bonus payments can be expected.

GILTS DEALER

As a result of the marriage of a major Merchant Bank and a leading Stockbroker, there is now an opportunity for an experienced Gilts Dealer to join an established and successful team, already one of the prominent market makers. Candidates should have at least one year's experience, to enable them to take a significant place within the team from the outset and be capable of further development as the market expands. The salary and benefits package is entirely negotiable – and generous enough to attract people of the very highest quality.

To talk about these opportunities, for a more general discussion on market prospects, or to arrange an exploratory meeting in our City offices, please ring either Caroline Baker (01-493 5788 during the working day, 01-261 9119 in the evening) or Malcolm Lawson (01-493 5788 during the working day, 0444 73216 in the evening). Alternatively, send us your full career details.

13/14 Hanover Street, London W1R 9HG. Telephone 01-493 5788.

City Search & Selection

Financial Communications Executive

The Chase Manhattan Bank in London is looking for a professional enthusiastic executive, to report to the Director of Corporate Communications, who is responsible for Europe, Africa and the Middle East areas.

Responsibilities will cover advertising, public relations and internal communications. Qualities and experience looked for will include a proven track record in advertising, financial knowledge, a writing capability, an ability to learn quickly, some experience of personal computers and a European language.

Candidates should be able to provide examples of writing and communication skills.

To apply please write to or phone
Andrea Eccles at Chase Manhattan Bank,
3 Shortlands, Hammersmith, London W6 8RZ.
Telephone: 01-747 4477

CHASE

INTERNATIONAL LAW FIRM

Established New York based International law firm with tax and commercial practice seeks

BARRISTER/SOLICITOR

3-5 years' experience, for London representative office. Salary commensurate with experience.

Apply in confidence to Box A0086
Financial Times, 10 Cannon Street, London EC4P 4BY

There are a limited number of opportunities available for **Experienced Options and Futures Personnel** upon the opening of the London operation of a major international company in these fields.

Interested applicants should send their detailed curriculum vitae to:

Box A0097, Financial Times
10 Cannon Street, London EC4P 4BY

U.S. Fund Manager

Our client, a City based Financial Group, are currently seeking to expand their Investment Department. The successful applicant will be part of a small team managing both trading and long term international investment funds.

Applications are invited from high calibre graduates or professionally qualified candidates with at least five years relevant fund management experience gained with a City institution. A good knowledge of the US market is essential and applicants should be capable of accepting the high degree of personal initiative and accountability expected.

The conditions of service are attractive and include a competitive salary, mortgage assistance and a company car.

Confidential Reply Service: Please write with full CV quoting reference 0286/DT on your envelope, listing separately any company to whom you do not wish your details to be sent. CVs will be forwarded directly to our client, who will conduct the interviews. Charles Barker Recruitment Limited, 36 East Street, Bromley, Kent BR1 1QS.

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SENIOR STERLING DEPOSIT DEALER

Hill Samuel & Co. Limited, *one of the country's leading Merchant Banks*, as a result of continued expansion of its Treasury dealing operations, is seeking to recruit a Senior Sterling Deposit Dealer.

Applicants, ideally in their early 20's, will be expected to have a detailed knowledge of and a minimum of 3 years' dealing experience in Inter-bank Sterling Deposits, Certificates of Deposit and Bills. Some knowledge of the foreign exchange and/or financial futures market would be advantageous.

A competitive salary will be offered, together with the usual range of *substantial banking benefits*.

Please apply in writing with a full curriculum vitae to:

Peter Smith, Personnel Administration Manager,
Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ

HILL SAMUEL & CO LIMITED

Jonathan Wren

Treasury Operations Manager
c£22,000 plus car plus benefits

Our client, a major British merchant banking group with unrivalled international connections, seeks *to appoint an experienced Operations Manager*.

The Operations Department is expanding to support an increasing range and volume of treasury *products. This is a new position and the successful applicant will be responsible for managing an* expanding team and the day to day running of the department. The ideal candidate, in their mid to late 30's, will possess drive and enthusiasm. They will have already demonstrated sound *managerial ability and have acquired the necessary product knowledge in a major bank. In addition* to the competitive salary the position carries a substantial benefits package including car, mortgage subsidy, loans scheme etc. Promotion prospects are excellent.

If you have the necessary qualities and experience please contact

Mark Forrester (Director, Merchant Banking)

All applications will be treated in strict confidence.

SYDNEY — Jonathan Wren — HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Operations Manager
£30-35,000 + Excellent Benefits

Our client, a leading North American securities house, currently seeks to recruit an Operations Manager to head up its expanding operations function.

The ideal candidate will already have reached manager level within a well respected institution and have gained broad experience over a wide range of settlements, including Eurobonds, Foreign Exchange and Equities. The ability to control and co-ordinate a highly successful team is essential, as are strong management reporting skills. This senior position reports to the organisation's Financial Director.

The remuneration package is negotiable, according to previous experience, and benefits will include a car and a generous bonus.

Interested applicants should contact Kate Syms on 01-404 5751, or write to her, enclosing a comprehensive Curriculum Vitae, at 39/41 Parker Street, London WC2B 5LH, quoting ref: 3615.

MP
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International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

Guinness Mahon
Fund Managers
North America • Far East
City Based

Two exceptional opportunities exist for investment professionals who can contribute to our client's reputation for investment performance. Retail trusts are a major activity but rapid expansion is envisaged in the existing pension fund management.

You will be a graduate with at least 3 years investment management experience and an intimate knowledge of either the North American or Far Eastern markets acquired within an investment house or stockbroking environment.

You may already enjoy a high profile in the City, in which case either of these appointments should hold particular appeal.

An extremely attractive remuneration package will be negotiated for the right individuals.

To apply, please contact Fiona Law for an initial, confidential discussion quoting Ref: 9922.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-408 1670.

JOB	AGE	SALARY
Operation Manager Bond Settlement	Late 30s	Totally negotiable (High)
A leading investment bank seeks an Operations Manager with a minimum of five years' experience as Manager of Eurobond Settlements. Emphasis will be placed on the co-ordinating role within the existing team as well as management reporting skills. This is a prestigious appointment calling for personal qualities of the highest order and complete understanding of the bond settlement function.		
Legal Executive—Qualified Solicitor or Barrister	20s-30s	£28,000 p.a. upwards
An expanding bank active in bond trading and swaps seeks a qualified solicitor or barrister to draft capital market transaction agreements and handle other legal matters.		
ACIS for Bank's Secretarial Department	25/26	Negotiable from £15,000 p.a.
A chartered secretary with banking experience is sought by a prestigious bank to deal with its administration, the secretarial and various reporting functions.		
Senior Capital Market Administration Clerks	20s	Various—according to age and experience
Major bank seeks those experienced in co-lead managed bond syndications and asset sales distribution including sale of US treasury bills and FRNs against swaps.		
2:1 Mathematics Graduates for Asset Sales and Treasury Support	20s	Various
Two highly numerate graduates with at least one year's banking experience, preferably gained in an investment bank, sought for trainee positions in asset sales, one creating mathematical models and the other in a sales function. A third graduate with a year's experience in a bank's treasury department is also sought for treasury administration.		

Please ring Elizabeth Hayford on 01-377 8600 to discuss in confidence.

LJC BANKING
146 Bishopsgate, London EC2M 4JX: 01-377 8600

INVESTMENT ANALYST

Major Investment Institution in the City requires an analyst specialising in the European market with a view to becoming a Fund Manager.
Early twenties with previous experience preferred.
Competitive salary and benefits.
Candidates should apply with curriculum vitae to:
Box A0096, Financial Times
10 Cannon Street, London EC4P 4BY

Finance Director (Designate)

HERTS: c £22,000 + Car

A subsidiary of a successful public group within the electronics industry, our client is a profitable £7 million turnover Company which has experienced rapid recent growth and is poised for more. Operating from modern premises the Company sells and rents a wide range of electronic instruments and scientific micro-computers, and has an enviable reputation for quality and service. Profitable expansion and excellent prospects result in this new board position. Reporting to the Managing Director, responsibility is for all aspects of Finance. Above all, the successful candidate will be expected to substantially participate in the development and growth of the business. Candidates aged 27-40 must be qualified accountants and/or possess a relevant MBA/degree. Several years experience in Financial management within a commercial environment is vital, and should include exposure to DP systems and financial analysis, as well as company secretariat work. Candidates must have proven strengths in management and organisation whilst still retaining a 'hands on' style. Salary will not be a limiting factor for outstanding candidates. Assistance with relocation is offered.

Male or female applicants should write in confidence to David J. Kingston, Personnel Service Division with a comprehensive CV or telephone for a Personal History Form quoting Ref. B2002.

P-E Consulting Services
692 Warwick Road, Solihull, West Midlands, B91 3DX **Telephone: 021-705 8238**

ROAD TRANSPORT INDUSTRY TRAINING BOARD
DIRECTOR GENERAL
£35,000

The Road Transport Industry Training Board is to appoint a successor to the present Director General who is to retire at the end of 1986.

The Board is a statutory body appointed by the Secretary of State for *Employment and is responsible for providing or ensuring adequate training for* over half a million people employed by some 25,000 companies in road haulage, motor vehicle repair and associated industries.

The Director General is appointed by the Board and, as its Chief Executive, heads a staff of over 400 throughout the United Kingdom. He is responsible for advising the Chairman and the Board on training, legal, *financial and administrative matters, and for implementing through the staff* the agreed policies of the Board.

The position carries a starting salary of up to £35,000 a year plus *contributory pension and the usual benefits associated with an appointment* of this level.

Applications are invited from those who meet the following essential requirements:-
- Good honours degree or equivalent professional qualification
- General management experience of an organisation employing significant numbers
- Experience in training at all levels
- Experience in industry or commerce
- *Ability to communicate convincingly by spoken and written word to the* media and from public platforms
- Successful record in leading a professional team
- *Age between 35 and 55*

The headquarters of the Board are in Wembley, but a considerable amount of travel in the U.K. is necessary and some visits overseas likely. The *position has been advertised to employees of the Board and is open to men* and women.

Reply in strict confidence to
John Armstrong, Chairman,
Road Transport Industry Training Board
Capitol House, Empire Way,
Wembley, Middlesex HA9 0NG.

Manager International Equity Settlements
£25,000

Major Merchant Bank with an ever-growing presence in the City, has an excellent career opportunity for an ambitious settlements manager. Experience in most International Markets of settlement procedures, regulations and instructions is essential, considerable emphasis will also be placed upon man-management and interpersonal skills. A high level of self-motivation is particularly important together with a flexible attitude and the ability to work well in a team environment. You should be in your early 30's with previous experience from a bank or broker.

For further details please contact
Mike Blundell Jones
01-236 1113 (24 hours)

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Ashdown Travel
THE RIGHT DIRECTION

CHIEF ACCOUNTANT **£15,000 + Benefits**
Brighton **incl. Travel.**

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Candidates, preferably Qualified, will have proven experience in a commercial environment, travel/leisure background an advantage, and possess strong technical and staff management skills, plus the personality to enable them to work on their own initiative without supervision. Reporting to the Managing Director, the successful candidate may expect 1st class career and salary progression relative to their contribution to the groups continued growth and success.

For further information please write enclosing full C.V. or call ALEX STEELE as consultant to the client.

Gabriel Duffy Consultancy,
Financial Selection Consultants,
130A, Western Road,
BRIGHTON BN1 2LA.
0273 29822

Gabriel Duffy Consultancy

Investment Manager

Charter Consolidated PLC is looking for an Investment Manager with Far East experience to join a small team responsible for the active management of both trading and long term international investment funds and in which there is a strong element of personal initiative and accountability.

Applicants, male or female, should ideally be in their late 20's or early 30's and be graduates or *professionally qualified. Applicants must have had experience with either a financial institution or* stockbroker. A good knowledge of Far Eastern markets, particularly Japan, is essential as is an ability to trade and research on own initiative. Applicants with less than five years relevant experience would *not be suitable for this appointment.*

Salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme, company car and assistance with relocation *if necessary.*

Applications which will be treated in confidence to: The Personnel Manager, Charter Consolidated Services Ltd., 40 Holborn Viaduct, London EC1P 1AJ.

CHARTER

A fresh start for successful Business People

Hill Samuel Investment Services Limited is a leader in providing its clients with a complete business and/or personal financial service. Personal portfolio management, offshore investments, unit trusts, pensions, mortgages and tax planning are just some of our areas of involvement. We recognise that it takes a very special person to explain these services and to advise our clients on how best to manage their money successfully. If you are aged between 25-55, self-motivated and enjoy dealing with people, that person could be you.

If you are looking for an opportunity to develop a new career, talk to Hill Samuel — Contact:
Michael Talbot at 29 Queen Anne's Gate
London SW1H 9BQ • Tel: 01-222 4858

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Ours is always a lively and changing market, but with de-regulation on the horizon there has been a sudden and permanent expansion.

That is why we are looking to bolster our sales force with professionals who have the ability and potential to progress as rapidly as we do.

The people we have in mind could come from 2 different backgrounds – either salesmen already serving the city. Or a D.P. Professional with a knowledge of financial applications.

As an experienced salesman, you could already be involved in a similar product environment, but welcome the opportunity to work for a market leader. On the other hand, your selling experience may have been gained in a completely different product environment, and you are attracted by the challenge and rewards involved with systems sales.

In either case, an excellent commercial understanding of the city is vital.

To a D.P. Professional closely involved with financial applications, the position offers the challenge only a commercial environment can offer. Not to mention the financial rewards.

If you can add commercial flair to your technical skills, our thorough product training will give you every opportunity to realistically earn in excess of £30,000.

Operating within a small team environment you will be selling high value systems (up to £300,000) or further enhancements to our Investment Accounting Service (IAS). Because of the complex nature of the product we are looking for professionals to inspire the confidence both established and new clients can rely on.

With this spec in mind, it is almost certain that you are a graduate, aged 23-30 with the personality and confidence to build excellent client relationships.

We are a company with a reputation for looking after our own. Apart from an excellent basic salary, you will receive high commission rates, an attractive company car and all the benefits of working for a major company.

For more details phone Kathy Griffiths on (01) 638 5544. Alternatively send your curriculum vitae to her at Extel Computing, Lowndes House, 1-9 City Road, London EC4.

Extel

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The job is both challenging and pressurized. It requires tenacity and intelligence coupled with common sense.

Please ring or write and tell us why you think you are right for the job. SELECTED APPLICANTS WILL BE INVITED TO MEET THE CHAIRMAN ON 22nd/23rd APRIL.

Replies to: The Managing Director, IIR Ltd, 44 Conduit Street, London W1R 9FB. Tel: 01-434 1017.

Become part of one of the U.K.'s most remarkable success stories

Sainsbury's is the U.K.'s foremost food retailer. Our turnover is well in excess of £5,000m, our 260+ supermarkets serve 6½ million customers with 125 million items each week and we're growing at the rate of some 15 new stores each year.

To sustain this remarkable performance, we recognise the need for effectively controlled systems and hence the importance of a high-quality Internal Audit function. To further strengthen this department we're now seeking the following experienced professionals:

Audit Manager

Up to £20,000 + car

As Audit Manager you would be responsible for the scheduling, implementation, control and completion of audit work carried out by a young, tightly-knit team producing reports that will make an effective contribution to the Company's continuing success.

Since the Department is responsible for evaluating wide ranging and innovative systems, you'll find the variety of audit work – from the security of *retail laser scanning to* control over group advertising spend – refreshing, and the importance we attach to the audit function highly motivating.

Probably a qualified graduate accountant, you must have strong technical, analytical and inter-personal skills. The role is ideal for someone looking to lead in an environment which welcomes good ideas and recognises ability.

Assistant Computer Audit Manager

Up to £17,000

We are totally committed to the continual development of sophisticated systems to optimise the efficiency of our business and, to this end, employ many of the most advanced software techniques.

To make a vital contribution to our computer audit team we are looking for a young, ambitious individual who has the energy and enthusiasm to keep computer audit technically up to date with these developments while ensuring high professional standards are maintained.

You will be involved in a wide range of activities, principally:

- Monitoring of systems under development and advising on control implications.
- Auditing the DP installations and systems software.
- Developing audit software.
- Acting as technical support to the systems audit function.

You must be able to demonstrate computer audit skills, together with technical expertise gained either through successfully developing commercial systems or an equally successful background in auditing. We also regard diplomacy, the ability to communicate in non-dp terms, management ability and a capacity to generate innovative ideas as essential qualities.

To aid you in the performance of your task, extensive training will be given as and where necessary.

The salaries quoted will be supported by a wide range of benefits including profit sharing after a qualifying period. In each case there will also be considerable scope for career development both inside and outside the department.

To find out more about audit at Sainsbury's, write enclosing brief details with a daytime contact number, to Chris Ward, Recruitment Manager, J Sainsbury plc, Wakefield House, Stamford Street, London SE1 9LL.

SAINSBURY'S

Investment Management

Major portfolio — Scotland

Our client is a very substantial and successful investment trust with a diversified portfolio including a large proportion of assets in the US, Japan and Australia.

This is a new appointment which will carry responsibility and authority for portfolio management of specific geographic and industrial sectors.

The post demands proven experience of international investment gained in an investment trust, unit trust or pension fund environment or in stockbroking. Education to degree and/or professional qualification level is essential and the age indicator is late 20's to mid 30's.

Competitive negotiable salary with benefits including a car, non-contributory pension scheme, *free medical insurance and, where appropriate, relocation assistance.*

Please send a full CV — in confidence — to Michael Lawrence, REF. 67562.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited 39 St. Vincent Place, Glasgow G1 2ER

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL

FINANCIAL SERVICES

NORCROS

Group Operational Director (EEC)

Norcros is an international group with over 40 companies located across five continents. We provide a select range of specialised products and services within five spheres of activity: ceramics, construction, distribution, engineering, print and packaging. Particular emphasis is placed on supplying the construction, building and do-it-yourself markets.

The company wishes to recruit a Main Board Director to be responsible for the operational control of their manufacturing companies within the EEC. The combined annual turnover of these profitable companies exceeds £300 million.

The ideal candidate who is most likely to be aged between 40 and 50 should be able to demonstrate a successful career to date and be currently employed in a senior management capacity in a similar environment. A move to Norcros for a candidate of this calibre would provide the scope, challenge and reward of greater responsibilities.

Further details will be provided to suitable persons after their applications have been considered. Salary and other benefits will be commensurate with the importance and seniority of this appointment.

This advertisement has been circulated within the Norcros group prior to publication.

Please address your applications, which should include full details of career to date, in strictest confidence to:

Robert Gee, Company Secretary
NORCROS PLC,
Highlands, Spencers Wood, Reading, Berks RG7 1NT

NORCROS

Finance Manager

Trade and Barter

Central London — **c£20,000 + Equity Participation**

Our client is an International Trade and Barter Corporation currently operating as an autonomous division of a multinational manufacturing group.

Reporting to the General Manager, this key appointment, which is as a result of a planned growth, carries responsibility to provide financial planning, resources and control for all trade and barter transactions.

Aged 28 to 40, your background will have included:

*Complete familiarity with credit control principles and the financing of international trade.

*Good knowledge of accounting, basic legal principles and contract law.

*Working knowledge of international funding operations, back to back loans, lines of credit, government financing to end user/buyer, counter-purchase and barter trading practices.

You will be a work orientated individual with a strong personality and good 'presence,' capable of negotiating at top level in the international marketplace.

To apply, please write or telephone Shubha Chawla quoting Ref: 071.

Lloyd Chapman Associates

International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-408 1670

HS

BANKING EXECUTIVE

Within Hill Samuel & Co. Limited the commercial banking division continues to expand. We currently require a high calibre executive to join the group responsible for all domestic and international industrial lending.

The individual appointed will be responsible for the day to day control and marketing of a nominated group of varied customers. The range of transactions handled by the group is not limited to conventional credit provision and straddles a wide range of merchant banking products, including some which are unique to Hill Samuel. The executive will be required to adopt an innovative approach towards the bank's business and assist in the development of new concepts within the Hill Samuel specialities.

Candidates should be graduates in their 20's who have had a good credit training and at this stage in their career wish to join a prime United Kingdom bank. This appointment is a career opportunity and there is no limit to the potential for an able, innovative individual. Please send full details in strictest confidence to:-

Mrs. A. W. Dunford, Senior Personnel Officer,
Hill Samuel & Co. Limited, 100 Wood Street,
London EC2P 2AJ

HILL SAMUEL & CO LIMITED

FennoScandia
Limited

Assistant Manager, UK Banking

FennoScandia Limited, jointly owned by Skopbank, Finland and SwedBank, Sweden, seeks an additional Marketing Officer reporting to the Manager UK for its expanding UK Banking Department.

Candidates will probably have a minimum of 5 years' corporate lending experience, demonstrate a strong credit background and the ability to generate new business on their own initiative. Candidates will have good interpersonal skills and be capable of negotiating at Board level. Considerable UK and some international travel will be required.

This is an opportunity to make a visible contribution within an expanding organisation with strong shareholder backing.

An attractive salary and benefits package is available to the right candidate.

Written applications, including full career details and current salary should be sent to:

The Personnel Officer
FennoScandia Limited
The Old Deanery, Dean's Court, London EC4V 5AA
Tel: 01-236 4060

SALES EXECUTIVE

FINANCIAL SERVICES
£20,000 + GENEROUS COMMISSION

An expanding young company requires a highly motivated individual to plan and execute an intensive sales campaign aimed at major financial institutions in the U.K. and on the Continent. The objective is to identify clients' needs for independent research and support services, essential to successful investment management.

The ideal candidate will be 25-35, have a good educational background, be well acquainted with *the major financial institutions*, and be able to capitalise on this dynamic growth market.

Significant potential in excess of base earnings.

Please reply in confidence, enclosing a full C.V. to:
Box A0107, Financial Times, 10 Cannon Street, London EC4P 4BY.

PUBLISHER

for a successful and fast-growing publishing company to assist in developing its programme in the financial field. The Company publishes journals, newsletters, bound books and loose-leaf reference material, and the Publisher will be responsible for extending the range in any or all of these forms. Candidates should have 1) relevant and demonstrable publishing accomplishment 2) an interest in the City and in matters financial 3) a self-starting temperament 4) numeracy and commercial acumen.

Age-range: c. 27-45. Salary: negotiable at an appropriate level, plus the usual benefits.

Please write with c.v. or telephone to Roger Stacey or Anna Kershaw at:-

ASTRON APPOINTMENTS LIMITED
(Recruitment Consultants)
20-24 Uxbridge Street, London W8 7TA
Tel: 01-229 6423/9171

ASSISTANT DIRECTOR IN FUND MANAGEMENT — **c£35,000 plus car**
A high level of knowledge and experience in UK domestic or overseas markets for pensions, life and unit trust funds is essential in this position in a merchant banking subsidiary and requires an equally high level of decision making, organisation and management plus practical experience in fixed interest stock and bonds.

CUSTOMER DEALER — **£20,000**
Is required by a major bank to maintain existing customers and develop new business in treasury and Foreign Exchange. Expertise in the spot and forward exchanges, deposits, CDs, FRAs, IRS is essential.

EUROBOND DEALER — **£25,000+**
An experienced all-rounder is required to join a new Capital Markets operation in an established international bank.

EUROCURRENCY DEPOSITS DEALER — **£ Neg**
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Accountancy Appointments

HEWITSON-WALKER (TAXATION APPOINTMENTS)

TAXATION SPECIALIST

Central London Competitive Package

NCR is one of the world's largest computer suppliers. They are seeking a commercially aware Taxation Specialist to join their U.K. head office *financial management* team.

Reporting to the Financial Controller, the specialist will be fully responsible for the taxation function and its impact upon NCR's operations. This will include the provision of an expert service covering corporate and employee taxation matters, tax planning and both U.K. and U.S. compliance work. Opportunities to progress into a broader financial management role are encouraged as part of the management development programme.

NCR
Complete computer systems

Candidates should be qualified, aged 26-32, with two years tax experience of large companies gained in a major international firm.

In the first instance telephone or write to **John Walker FCA**

1 SNOW HILL COURT, SNOW HILL, LONDON EC1A 2DT 01-248 0441

Manager Business Analysis

Progressive New Appointment
North West London
c£30,000 + Car

As dynamic leaders in the retailing of consumer equipment, our client is strongly committed to further growth and enhancement of their business. In order to play a key role in their further development within this expanding commercial sector, they now require a Manager - Business Analysis.

Reporting directly to the Finance Director and supervising a small professional team, the main function will be the investigation, analysis and reporting on an extremely wide range of business related matters, extending to the development of the company's long term strategy. You will also develop close contact with other Directors and senior managers throughout the company and meeting critical timescales will be paramount to the success of this role.

The person sought should be a qualified accountant, with a minimum of 5 years' post-qualifying experience in a commercial environment or consultancy. Personal attributes are equally important and should include; self confidence, the ability to conceptualise and summarise, clarity of thought, resilience and the motivation to succeed. It is expected that whoever is appointed will be of the calibre to progress to a senior level within the company.

Benefits will include a car, pension and BUPA and salary will not be a limiting factor for the right candidate.

Candidates should apply in confidence enclosing a full CV and quoting reference MCS/6075 to Alannah Hunt
Executive Selection Division
Price Waterhouse
Management Consultants
Southwark Towers
32 London Bridge Street
London SE1 9SY

Price Waterhouse

TAX MANAGER/ PARTNER DESIGNATE

ACAs/ATII 28-35 or Solicitors/Barristers/Inspectors — **to £30,000 + car LARGE CATHEDRAL CITY**

Our client is a "Top Eight" international firm of chartered accountants offering the prospect of partnership or equivalent status in around two years to a high calibre tax manager (male or female) currently in a large or medium firm's tax department (public practice or Inland Revenue or commerce/industry) or possibly an existing salaried tax partner in a small practice.

Clients comprise mainly family businesses, from engineering to farming plus wealthy personal individuals with financial planning problems and trusts. The appointee will take responsibility for managing an established tax department and lead the firm's local tax practice development.

Candidates should have proven corporate and personal tax planning expertise and have a high degree of self assurance.

For more information, please contact George Ormrod B.A. (Oxon) or Stephen Hackett B.A. (Oxon) on 01-836 9501 or write with your tax technical C.V. to Douglas Llambias Associates Limited at our London address quoting reference No. 6630.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Financial Director

Heart of England **£27,000 – £35,000**

Retailing offers huge opportunities for people with bright ideas and shrewd commercial judgement and for those who get the formula right, the sky's the limit.

Our client has been in specialist retailing for many years and his skill is in understanding the needs of a specific target market. The business has an excellent growth record and very good returns have been achieved through its nationwide network of outlets.

As in all successful retailing ventures, however, tight financial control and prompt, reliable management information are of critical importance.

A vacancy exists for a top calibre Financial Director Designate reporting to the Managing Director. Your brief will be wide ranging, including budgetary control and asset management, and as a member of the small senior management team you will be heavily involved in the continuing growth and development of the company.

You will be a Qualified Accountant, aged around 30-40, with several years' experience in a fast growing business. Retail experience is preferable but not essential. Experience of computer-based systems is important. It is anticipated a Board appointment will be confirmed after 6-9 months.

Please write in confidence, listing separately any companies to whom your application should not be forwarded, to: Melvyn Gadsdon

LAS
LONSDALE ADVERTISING SERVICES
Hesketh House Portman Square London W1H 0JH

Yorkshire Post Newspapers Limited

CHIEF ACCOUNTANT

Yorkshire Post Newspapers Limited requires a qualified accountant with industrial or commercial experience to manage its accounting functions in Leeds.

He or she will be responsible for all financial and management accounting requirements of the Yorkshire Post and Yorkshire Evening Post and their related activities, reporting to the company's Financial Controller, for whom the person appointed will act as deputy.

We are looking for a person, aged 28 to 40, with a sound technical knowledge, the ability to control a busy accounting section, and the understanding and inventiveness to produce speedy and useful management information, including the company's formal budgets and weekly and monthly reports.

The company is part of United Newspapers plc, an expanding group which has newspaper, magazine and retail divisions in Britain and interests in the United States.

The job carries an attractive salary, a company car, four weeks and three days annual holiday, and a good contributory pension and life assurance scheme, together with excellent welfare facilities.

Please write or telephone for an application form to:—
Mr C P Selby
Personnel & Training Officer
Yorkshire Post Newspapers Ltd
PO Box 168
Wellington Street
Leeds LS1 1RF

FINANCE DIRECTOR (DESIGNATE)

Bungay, Suffolk **c £28,000 + car**

A subsidiary of the outstandingly successful St Ives Group plc, Richard Clay has a turnover approaching £30 million and employs over 800 people. The company is one of the UK's leading printers of hard-backed and paper-backed books.

A commercially-minded financial executive is required to succeed the Finance Director, who is approaching retirement. The successful candidate must have the flexibility and imagination to adapt accounting systems and management reports to the needs of an expanding, constantly changing business.

Applicants, aged 30-45, must be qualified accountants with proven managerial ability. They must also be familiar with computers and have manufacturing industry experience. Costs of relocating to this attractive rural area will be paid where appropriate.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2647 to G.J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

Financial Director

Southern England
c£30,000 + Car + Share Options

Our client, a design and manufacturing company operating in the aircraft industry, is now nearing completion of a major reorganisation and has identified the need to appoint a Financial Director to complete the management structure.

Reporting to the Chief Executive your responsibilities will encompass complete control of the financial affairs of the company with particular emphasis on the high level costing systems, the monitoring of contract profitability and the control of the day to day treasury function.

Candidates likely to be aged 35-50, will be qualified Accountants, preferably FCMA, who can demonstrate a strong, creative and commercial awareness probably gained in an aggressive manufacturing industry environment and who are capable of working in a small but highly motivated professional team.

Interested candidates should send a detailed CV to Don Day FCA, quoting reference LM85, at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

DIVISIONAL CHIEF ACCOUNTANT

South Herts.

Salary Circa £15,000 p.a. + Car

Our client is a large division with several subsidiaries operating internationally in the contracting industry within a medium sized plc with divisional turnover of £80 million per annum.

The successful applicant will be responsible to the Divisional Financial Director for consolidating monthly management and annual statutory accounts, investigations, proposals and the production of other reports for the divisional and group boards.

This is a new appointment following a reorganisation which makes the division independent of the group accounts department for its accounting and financial controls.

Applicants will ideally be aged between 25 and 30 and should be chartered accountants with sound professional background plus a period spent in industry, preferably at group level and/or within a construction environment.

Applications in confidence, specifying on a separate sheet of paper any companies to which you do not wish your application to be forwarded, to: Gordon Vivian, Recruitment Advertising Director (Ref. 41/FT).

T. Richard Johnson Ltd.
Mam House, 24/25 New Bond Street, London W1Y 9HD.

DIVISIONAL CHIEF ACCOUNTANT

Leicestershire **£20,000+car**

This new position arises as a result of growth both internally and by acquisition within this expansive and highly profitable service division of a major British PLC.

Their need is for a Qualified Accountant, aged probably late 20's to mid 30's possessing the drive and desire for involvement which is commercially minded and profit orientated.

Reporting to the Divisional Financial Director, the successful candidate will be a critical interface between regional management teams at both director and finance level and the divisional board.

The emphasis therefore in selection will be on inter-personal skills, communication ability and business acumen as well as accounting techniques and experience of both mainframe and micro-computer applications.

As expansion continues, career development for the successful candidate can be anticipated.

Applicants should write with full details of career to date and present earnings to Brian J. Smith, ACMA, *quoting reference no.* FT0303 at:

QMS Recruitment
Quorn House, 6 Princess Road West
Leicester LE1 6TP

Financial Controller

South West **c£25,000 + car**

Our client, a strategic business with sales of approximately £30 million and part of an international group, seeks to appoint a Financial Controller for its UK and European operations which are currently experiencing significant export sales growth.

Reporting to the General Manager, the Controller will have total responsibility for the provision and interpretation of consolidated financial information for the operating units, as well as the preparation of business plans, budgets and forecasts thus assisting in the maximisation of company profitability.

The successful applicant, aged 30-35, will be a qualified accountant with a minimum of five years' industrial experience at middle management level now seeking significant career progression, ideally within a process manufacturing company.

There are excellent prospects for advancement within this growth environment and therefore salary is supported by the usual large company benefits including: car, private health insurance, contributory pension scheme, and full relocation expenses where appropriate to the West Country.

Interested applicants should write, enclosing a comprehensive c.v., to **Stephen Doyle ACA at Michael Page Partnership, St. Augustine's Court, 1 St. Augustine's Place, Bristol BS1 4XP**, quoting ref. 8055.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Accountancy Appointments

Controller – accounting projects

Surrey, c£25,000 + car

At the centre of the principal subsidiary of one of the leading international consumer goods groups which has turnover in excess of £3 billion.

This is a new position at the heart of the business which will bring you into contact with all areas, designed as a springboard to rapid promotion. Your prime task will be to tighten financial controls, accounting procedures and disciplines, optimising the use of computer resources.

Qualified and in your 30's, you need sufficient experience to step rapidly into a senior financial controller level position, combined with the energy and ability to operate effectively in a hands on role. A background in industry is desirable but relevant experience obtained in the profession could be appropriate.

Career prospects throughout the group are excellent and the salary package includes generous large company benefits.

Please write enclosing your curriculum vitae and daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. B296.

Coopers &Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

10 Bouverie Street
London EC4Y 8AX

Financial Controller

London

£20,000 + Car

Our client, a privately owned company, is a successful service organisation with worldwide interests. The company has now entered a significant new phase in its development and, due to internal promotion, requires a Financial Controller for a major subsidiary.

The job will encompass responsibility for the production of sound financial and management information to the highest standard. It will also require commercial interpretation of such data and an ability to make recommendations for action to top management and board members.

Candidates must be qualified accountants, aged about 30-35, with commercial experience preferably in a service industry.

Please write enclosing a full curriculum vitae, quoting ref. 102 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

GROUP FINANCIAL CONTROLLER

£25,000 p.a. + car and benefits

The Job:
Housebuilding group with substantial turnover. Reporting to Finance Director to control all financial functions.
Location—Surrey.

The Successful Candidate:
Will be under 30 and qualified A.C.A. with an ability to communicate at Board level and positive decision-making and organisational skills. Membership of the Institute of Taxation will be an advantage though not essential.

The Next Step:
If the job sounds interesting and you fit the profile, please send your c.v. to:

Box A0095, Financial Times
10 Cannon Street, London EC4P 4BY

Create Management Information Systems

Merchant Bank **Excellent Prospects**

Channel your ambition into this problem solving role which can lead to rapid progress into management.

As administrator within a prestigious British Merchant Bank, you will fulfil a new key role, created to keep pace with significant expansion in the Computer Department.

Reporting directly to the Department Head and responsible for a team of two, you will establish, coordinate and maintain management information systems to ensure purchasing control, meaningful forecasting and the standardisation of procedures. The operations and development staff in the Department already number over 100 and computer hardware includes a variety of mainframes and minis with over 100 terminals and micros.

A qualified accountant in your late 20's or early 30's, you have experience of management reporting and computer auditing. A problem solver by nature, you have the maturity to deal with high level personnel, the confidence to handle responsibility and the tenacity to make things work.

Based in the City of London, you will enjoy a salary of c£20,000 plus bonus, subsidised mortgage and other benefits. After meeting this immediate challenge successfully you can also look forward to further appointments within the Bank.

Please telephone or write to Sue Jagger of Cripps, Sears & Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701.

Cripps, Sears

Financial Controller (Director Designate)

Rural West Midlands
Circa £22,000 + Car

Our clients are a young highly profitable technology-led organisation, continually appraising their products, applications and development. Specialists in the design, production and marketing of sophisticated electronic sound equipment, their markets encompass the whole spectrum of broadcasting, radio, television and many more associated uses. With a recent USM listing, a substantial acquisition, an expanding US subsidiary and a commitment to further growth and development, prospects for continued success are excellent.

To compliment this growth and development, they are now seeking to appoint a talented Financial Controller to manage the company's financial planning and control, legal and tax requirements, further development of computerised accounting systems and management information systems. Reporting to the Managing Director you will control a small accounting team.

Candidates should be age 28-38, qualified accountants – preferably ACA/FCA with at least 2 years post-qualification experience in industry. They should also possess a knowledge of UK company taxation and a proven track record in the use and development of computerised accounting systems.

Salary will be negotiable as indicated, along with an excellent benefits package, including Share Option Scheme and relocation assistance, where necessary.

The prospects of future advancement are excellent. The successful candidate who demonstrates the right degree of drive, initiative, commitment and contribution to the group's affairs is likely to be eligible for appointment to the Board within two years.

Candidates male or female, should apply in writing, enclosing full career and personal details and quoting MCS/8623 to Philip Gardiner,
Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham B3 2JB

Price Waterhouse

BANKING
HEAD OF INTERNAL AUDIT

28-35 **London** **£22,000 + bonus**

Our client, an international foreign bank in London, wishes to recruit a Head of Internal Audit.

The bank is committed to upgrading its management systems and consequently requires an outstanding accountant to ensure that maximum benefit is obtained from its new procedures.

Candidates must be qualified accountants who have audit experience with computer based accounting systems. Some knowledge of SWIFT and EFT is preferred and experience in banking would be an advantage.

Ability is required to produce concise reports and practical recommendations as well as to communicate at all levels.

Remuneration will be negotiable to £22,000 and a bonus equal to one month's salary. There are attractive fringe benefits, including assistance with mortgage and non contributory pension scheme. **Ref: 2648.**

EDP SYSTEMS AUDITOR – £16,000 + bonus

A senior internal auditor is also required; candidates should be suitably qualified candidates with good internal or external auditing experience, especially as an EDP systems auditor, including some knowledge of SWIFT and EFT. Salary will be negotiable to £16,000 with a bonus equal to one month's salary and the usual banking benefits. **Ref: 2649.**

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting the relevant reference number to W.L. Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

Young Accountants
A career in investment analysis

to £16,000 Central London

Our client, a major UK pension fund, has a number of opportunities for recently qualified accountants interested in a career in portfolio management.

The initial appointments would be as investment analysts within a team of professional managers and analysts. You will work closely with a portfolio manager fully analysing a wide range of companies and industries.

Candidates should have been qualified for up to two years' and have the ambition to develop their career in a City environment.

Salary will, initially, be up to £16,000 but prospects for promotion are excellent with substantial rewards available to those who succeed. Attractive conditions of employment include generous holiday entitlement and home to office travel allowance.

Please write with full career details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ann Herbert, ref. B.2372.

These appointments are open to men and women.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

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CONFIDENTIAL ADVERTISING

FINANCIAL CONTROLLER
(DIRECTOR DESIGNATE)

WEST LONDON **TO £20,000 + Benefits**

Toff Marketing Limited is a successful and rapidly expanding importer and distributor of fashion leisurewear, whose turnover (projected at £5 million for the current year) has been increasing rapidly. In view of this growth and that anticipated in the future, we require a bright qualified chartered accountant to join us as Financial Controller.

The role will be demanding, varied and interesting involving many aspects of financial management, including preparation of budgets, monthly management reports, year-end financial statements, cash forecasts and the installation of a computerised accounting system. In addition, the position will involve working closely with the Managing Director, assisting with the daily management of the Company and participating in the formulation of the future financial strategy.

The successful candidate will be a self-motivated graduate aged in their late 20's/early 30's with at least three years' experience of a commercial environment, good communication skills and considerable experience of computerised accountancy systems. Future prospects are good, including a possible position on the Board of Directors.

Candidates should apply with full C.V. to:

The Managing Director
TOFF MARKETING LIMITED
5 Perivale Industrial Park
Horsenden Lane
Perivale
Greenford
Middlesex UB6 7RL

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Finance Director

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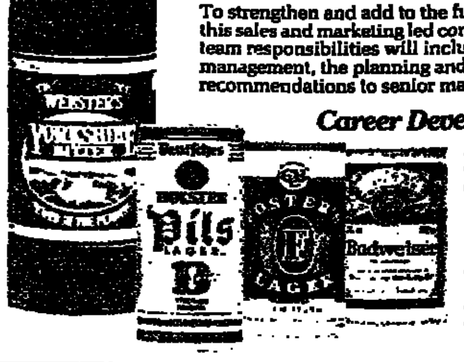

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Accountancy Appointments

Accountancy Appointments

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 3 1986

Mitsubishi pays Mobil $255m for Angola oil

By Yoko Shibata in Tokyo and Stephanie Gray in London

MITSUBISHI Corporation, Japan's largest trading house, has chosen Angola as its newest oil source in a $255m deal in line with the Japanese Government's strategy of securing low-cost crude supplies worldwide.

Mitsubishi Petroleum Development (MPDC), its energy offshoot, yesterday confirmed the purchase from Mobil of a 25 per cent stake in Block Three of Angola's producing offshore fields.

Mr Kiyoshi Hama, MPDC president, said in Tokyo that the purchase was in line with the company's strategy of securing diversified crude sources, even though world oil prices are falling.

Mitsubishi has set up a new unit, Angola Japan Oil Company, to undertake exploration and development in Angola. Five other Japanese companies will be brought in as minority partners, among them Mitsui Oil Exploration and Taiyo Oil.

Production from the partially developed Palanca and Pacassa fields averages 42,000 barrels a day. Sonangol, the Angolan national oil company, estimates the fields may yield as much as 116,000 b/d.

Elf Aquitaine of France has a half share of Block Three, where it is the operator. Agip of Italy has 15 per cent

The Mitsubishi acquisition reflects efforts by Japan's Ministry of International Trade and Industry (Miti) and its Resources and Energy Agency to promote Japanese ownership of oil reserves.

Conditions for this are more than usually favourable – the decline in crude prices has created a buyers' market for exploration areas, and the high yen exchange rate is another boost to dollar denominated purchases.

For the financial year which began on Tuesday, investment incentives offered by the Japan Petroleum Development Corporation have been enhanced.

In Lisbon a spokesman for Dr Jonas Savimbi's rebel Unita movement in Angola said yesterday that Japanese companies have been interested in taking over the interests of European and US oil companies for some time. The operators have come under pressure from Unita's military activities.

US companies, chiefly Chevron and Texaco, have been urged by the Reagan Administration to wind up their activities in Angola, which account for most of the Marxist Government's $2bn annual oil revenues.

Mobil denied yesterday that there was any political motive behind the sale.

BASF profit tops DM 3bn as growth pattern continues

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemical company, increased its group pre-tax profit by 20.6 per cent to DM 3.04bn ($1.3bn) last year as the strong upsurge in its business continued for the third year in succession.

BASF's worldwide sales revenue rose 9.6 per cent last year to DM 47.09bn. Leaving aside businesses newly acquired, however, sales revenue showed little growth in the fourth quarter. Earnings in the final period were also restrained by revaluation of raw material stocks and depreciation provisions.

Mr Hans Albers, the chief executive, has already indicated that the BASF parent company will pay a higher dividend for 1985, but it will not decide on the amount until later this month. The parent company boosted pre-tax profit last year by 45 per cent to DM 1.9bn on sales 3.3 per cent ahead at DM 20.46bn.

Bayer and Hoechst, the other two big West German chemical groups, have not yet announced their 1985 results. Like BASF, however, they have long been hinting at a dividend rise. All three companies paid a dividend of DM 9 a share for 1984 and DM 7 for 1983.

The chemical companies are expecting a further high level of sales this year. But they have been facing increased competition from US groups as a result of the lower US dollar. In addition, some buyers have been holding back in the hope that prices of some chemical products will continue to fall, in line with the dollar and the cost of oil.

BASF made a substantial write-down in the value of raw materials in stock at the end of the year notably oil, and this had the effect of checking growth in its earnings in the fourth quarter. There was a similar effect from BASF's depreciation adjustments on new acquisitions in the US, including the automotive paint and printing ink operations of Inmont and synthetic fibre operations of American Enka.

BASF said that sales revenue increased in all major lines of business during 1985 as a whole with the sharpest growth rates in new composite materials, fibre raw materials and information systems.

But in the fourth quarter the group's sales revenue and earnings declined in some areas, including petrochemicals and agrichemicals. This partly reflected the decline in the Dollar in terms of D-Marks.

After a sharp setback in 1982, the big West German chemical companies have rebounded powerfully, with higher use of capacity boosting profits even more sharply than sales.

MCorp bites the bullet on energy loans

BY WILLIAM HALL IN NEW YORK

FOR WEEKS the financial markets have been waiting nervously to see what sort of impact the collapse in world oil prices would have on the balance sheets of the Texas banks, which have the most to lose from the fall of more than 50 per cent in the oil price over the last four months.

The news that MCorp, the second biggest Texas banking group, plans to report a first-quarter loss of up to $130m gives the first real clue to the extent of the damage. The Dallas-based MCorp, which plans nearly to double the size of its loan loss reserve, describes the move as "a necessary and prudent response to recent developments," and Mr Gene Bishop, chief executive, says that it "should eliminate a large measure of uncertainty relative to the effects of the energy downturn on MCorp."

The problems of the Dallas-based Interfirst Group, which ran into difficulties with over-aggressive energy lending in 1983, and more recently First City Bankcorp of Texas and the much smaller BancTexas group, have been common knowledge for some time. But until now MCorp and its two main rivals, Dallas-based RepublicBank and the Houston-based Texas Commerce Bancshares, have remained silent about the impact of lower oil prices on their loan portfolios.

TEXAS BANKS

	Assets $bn	Percentage of loans to Energy	Property	Mexico	Equity as % of assets	Loan loss reserve as % of loans
Republic	23.2	13	19	2	5.4	1.48
MCorp	22.6	11	16	1	5.6	2.4*
InterFirst	22.1	16	14	1	5.5	1.69
Texas Comm.	20.1	21	18	2	6.2	2.1
First City	16.8	19	17	2	5.9	1.43
Allied	10.2	9	15	0	6.4	1.5
Average		15	17	1	5.8	1.58

* After latest provisions
Source: Texas Bank Stocks, March 1986, Donaldson, Lufkin & Jenrette

Mr Jim Cochrane, a senior vice president of Texas Commerce Bancshares, said yesterday that he was surprised by MCorp's announcement and cautioned that too much should not be read into one bank's action. He stressed that it was important to look at a bank's loan portfolio on a case-by-case basis but admitted that Texas bankers would probably be running loan sensitivity analyses on the assumption of an oil price of lower than $17 a barrel in future.

At the end of 1985 most of the Texas banks announced sharply higher loan loss provisions to reflect the deterioration in the quality of their loan portfolios. But since then world oil prices have fallen from more than $25 a barrel to under $10 at one stage this week. MCorp, which is less exposed than many of its rivals to the problems, has given the first hint of how the Texas banks will be affected by $15 a barrel prices.

MCorp, which was formed from the 1984 merger of Mercantile Texas and Southwest Bancshares, will make a provision of up to $220m in its first quarter. This will increase the allowance for loan losses from its end-1985 level of $196m to around $370m. The action will increase its loan loss reserve from 1.28 per cent of loans to 2.4 per cent. MCorp says the price reductions portend or have already resulted in major weaknesses in business prospects for the service, supply and drilling sectors. This follows substantial cutbacks in exploration budgets' reduced collateral values and coverage ratios for reserve-based production loans, further weakening of regional economies dependent on energy and related industries and increasingly serious concern for Mexico, Venezuela and other nations substantially dependent upon oil exports.

Mr George Salem, who follows US bank stocks for New York brokers Donaldson, Lufkin Jenrette, said yesterday that MCorp was "dealing more honestly with the problems" of the oil price collapse than some of its rivals.

In a detailed survey of the Texas banks, published last month, Mr Salem concluded that they were "caught in a web of declining oil prices, rapidly eroding real estate (loan collateral values), slow or negative loan growth, and the powerful "multiplier effect" of falling energy prices on the Texas economy – especially in Houston where conditions are worst.

The uncertainty has already been reflected in a slump in the share prices of the banks over the last few months. Only two years ago the shares of Texas Commerce Bancshares (TCB), the most glamorous of the Texas lenders and one of the best capitalised banks in the US, were trading at just under $50, a premium of more than a third over book value. Yesterday, TCB shares were changing hands at $20, which compares with a 1985 book value of $35.93.

The shares of First City Bancorp of Texas, which has slashed its dividend twice in the last year, were trading at $7, compared with a peak of over $40 a few years ago and a book value of $24.59. Only the Dallas-based RepublicBanc, often regarded as one of the most conservative banks in Texas, has escaped the worst of the sell-off

Other Texas banks yesterday refused to speculate on whether they would be adding substantial sums to their loan loss reserves to reflect the effect of the collapse in oil prices.

VW to lift spending 25% in five years

BY KENNETH GOODING IN LONDON

VOLKSWAGEN-AUDI of West Germany will boost capital spending on new products and production facilities by 25 per cent in real terms over the next five years to DM 30bn ($12.7bn), according to Dr Carl Hahn, the chairman.

Dr Hahn hopes all the money will be generated internally but points out that the motor industry is plagued by uncertainties.

Full results for 1985, due to be revealed shortly, will show the group achieved its objective of a 3 per cent return on sales, he said.

Last year group sales increased by nearly 15 per cent from DM 45.7bn in 1984 to DM 52.5bn. For 1984 VW-Audi reported a net profit of DM 245m.

"We will have to fight hard to continue to show a 3 per cent return on sales. It will be much more difficult in future."

He recalled that last year VW-Audi gained windfall profits in the US because of the high value of the dollar and these would not be repeated in 1986. The current volatility of the DM-dollar relationship made forecasting 1986 profits very difficult.

Dr Hahn said the large increase in capital expenditure was due only in part to the acquisition of Seat from the Spanish Government, a deal to be completed soon.

Additional costs will arise because cars and production equipment are becoming more sophisticated. At the same time VW-Audi's capacity is being used at a high level, so that tooling is wearing out quickly.

VW-Audi made a good start to 1986, Dr Hahn said. Worldwide vehicle sales in the first two months increased by 11.4 per cent, compared with January and February last year, to 375,000.

Order books were healthy but the group was being held back by capacity squeeze, particularly in car engine production.

Engine output in both West Germany and Mexico had been raised by working three shifts a day, six days a week.

VW-Audi was not considering building a new engine plant in West Germany, Dr Hahn insisted.

However, the group was helping the East Germans produce 300,000 engines a year, and had a similar deal in China to make 100,000 engines annually.

VW-Audi had also started negotiations for the construction of an engine plant in the Soviet Union. This would give VW-Audi its first Soviet presence but would not include any engine buy-back arrangements.

Superfos chief quits after profits dive

By Hilary Barnes in Copenhagen

SUPERFOS, the Danish fertilisers, chemicals and construction materials group, has parted company with Mr Jørgen Trygved, its managing director since 1961. "We have agreed to end our co-operation," said chairman Mr Ernst Klaebel.

The resignation follows the collapse of Superfos' earnings last year, when it suffered losses of about DKr 200m ($23m) in its American fertiliser subsidiary, Royster, which it acquired at the end of 1984.

Net profits fell from DKr 274m in 1984 to DKr 11m last year on turnover up from DKr 9.1bn to DKr 11.2bn.

Superfos returned to profit in 1983 after two years of losses arising from its participation in a German ammonia plant. Mr Trygved pulled Superfos out of this venture only to plunge it into the Royster engagement at a moment when the US market for fertilisers collapsed.

Bank of BC plans drastic cutbacks

BY BERNARD SIMON IN TORONTO

BANK of British Columbia is to close a third of its branches and curb its foreign operations amid signs of mounting financial difficulties among some Canadian financial institutions.

Bank of BC, based in Vancouver, will shut all but two of its 21 branches in Alberta, Saskatchewan and Manitoba, and its office in London, thus reversing an expansion plan begun 18 months ago. The bank also announced senior management changes, including the resignation of Mr George Hare, its vice-chairman, who joined the bank less than a year ago.

The Vancouver bank is one of several Canadian institutions which have experienced a serious run on deposits since the collapse of two small Alberta banks last September. Since then, two other banks have been forced to merge with larger institutions, while Bank of BC and Continental Bank of Canada, the seventh largest of Canada's remaining 10 domestically owned banks, have turned to the Bank of Canada and other sources for emergency funding.

The central bank has disclosed that its advances to financial institutions have reached C$5.2bn (US$3.75bn), an increase of C$898m in the past week alone and almost three times the level of advances when the two Alberta banks failed seven months ago.

The central bank has declined to disclose the reason for the sudden jump in loans to the banking sector in recent weeks. Bank of BC's chairman, Mr Edgar Kaiser, said the bank's borrowings amount to less than one-third of its assets of C$3.2bn and that retail deposits have increased in recent weeks.

Continental Bank arranged lines of credit last October worth C$2.9bn with the Bank of Canada and the six largest commercial banks. Unless renegotiated, the arrangements expire at the end of April.

Mr Kaiser, who has overseen a financial restructuring of Bank of BC since taking over 18 months ago, also announced that he is relinquishing the position of chief executive officer, but will remain as chairman. The new president and chief executive will be Mr Dale Parker, who joined the bank from Bank of Montreal a year ago.

Mr Kaiser said that Bank of BC will in future concentrate its resources on British Columbia "to ensure a strong and viable bank."

Polaroid moves up-market with new camera

By Louise Kehoe in Los Angeles

POLAROID Corporation aims to boost its instant-camera sales with a new up-market camera launched in Los Angeles yesterday.

The Polaroid Spectra will sell in the US for $225 and will be available next month. Spectra represents Polaroid's entry into the medium-price range amateur camera market, where it will compete with 35mm automatic cameras offered by Japanese manufacturers and recently by Kodak.

Polaroid's challenge is to give instant photography a quality image. Previously, its $35 to $99 cameras have been regarded as mere "toys" by camera enthusiasts. Polaroid will spend $40m this year on a new advertising campaign for Spectra.

The new camera offers a significant improvement in picture quality over earlier instant cameras and incorporates features such as automatic focus and flash. Polaroid's new film for the camera will sell for $11.75 for an ten-exposure pack, making its instant pictures roughly twice as expensive as those taken with conventional cameras.

IBM lightweight computer unveiled

BY PAUL TAYLOR IN NEW YORK

IBM, the world's largest computer manufacturer, yesterday unveiled its long-awaited battery-powered, laptop computer – its first entry into the lightweight laptop market – two upgraded versions of its existing desktop computers, and sharp price reductions on current personal computer models.

The package of announcements, the first major additions to IBM's PC line for 19 months, represents a further aggressive move by the group to expand its dominance of the personal computer market.

IBM's laptop – the IBM Convertible – will sell for under $2,000 with a detachable liquid crystal display and two internal 3½-inch disk drives, and is expected to "legitimise" the laptop market which so far has underperformed industry projections. The same time, IBM's new products and price reductions are expected to boost flagging PC sales growth and put additional pressure on rival manufacturers who sell cut-price, IBM-compatible machines – some for under $1,000.

With IBM these manufacturers hold an estimated 60 per cent of the $15bn-a-year US personal computer market but have faced growing pressure as new competitors, including Japanese and South Korean manufacturers, have entered the market.

● Management Science America (MSA), a US software supplier, is to acquire Ireland's largest software manufacturer, Real Time Software (RTS), writes Hugh Carnegy in Dublin.

MSA, with revenues last year of more than $150m, is based in Atlanta, Georgia.

Industrie Pirelli advances

By James Buxton in Rome

INDUSTRIE PIRELLI, the Italian operating company of the Pirelli Cables and Tyres Group, increased its net profits last year to L23.7bn ($15m), compared with L17.6bn in 1984.

On a consolidated basis profits were L19.1bn in 1985, compared with profits of L14.2bn in 1984.

Consolidated sales amounted to L2,307bn, an improvement of about 10 per cent compared with 1984. Industrie Pirelli accounts for about 40 per cent of the worldwide consolidated sales of the Milan-based Pirelli Group.

Industrie Pirelli benefited from improved profits in the tyre sector but profits for the cables sector were lower. The third sector, which makes diversified products, had better results.

Loss for Baker

BAKER International, the big US oilfield tools and services group, will record a loss of $3.85 a share – around $280m – for its second quarter ended March 31 due to a financial restructuring linked to the collapse in oil prices.

The restructuring includes a writedown of assets, principally property, plant and equipment, excess costs of acquisitions and stock surpluses. The company said it remained profitable on an operating basis.

Alfa-Laval, Pharmacia in joint venture

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, and Pharmacia, Sweden's second largest pharmaceuticals group, are planning to form a joint venture to supply equipment and systems for the large-scale manufacture of biotechnological products.

The two companies have signed a letter of intent and expect to make a final agreement by the end of June. The new venture will be owned 55 per cent by Alfa-Laval and 45 per cent by Pharmacia.

Pharmacia and Alfa-Laval claim that the joint venture will be the first company in the world "with the expressly stated aim of designing processes and systems for the large-scale manufacture of biotechnological products."

The company will have a workforce of around 200 and expects annual sales of around SKr 500m ($68m) within two years.

In most countries it will utilise Pharmacia and Alfa-Laval sales organisations but will establish its own marketing channels in the US and Japan.

The two companies said the future for biotechnologically prepared products, particularly in the pharmaceutical and food industries, was considered "very bright."

"Most investments to date in biotechnology have been made in laboratories, but a scale-up of operations to industrial levels is steadily gaining ground," the companies said.

The joint venture will combine the fermentation technology of Chemap, the Alfa-Laval subsidiary, with Pharmacia's activities in separation and purification.

Pharmacia has established itself in the biotechnology sector chiefly as a supplier of equipment for research and development, while Alfa-Laval has extensive knowledge of process control and plant installations. Its Swiss subsidiary, Chemap, claims a leading position as a supplier of fermentation technology.

The new joint venture will comprise Chemap plus Alfa-Laval's biotechnology centre in Sweden, and Alfa-Laval design and engineering resources.

INTERNATIONAL COMPANIES and FINANCE

Pao seeks rest of Eastern Asia

BY DAVID DODWELL IN HONG KONG

SIR YUE-KONG PAO, the Hong Kong property and ship-owner, yesterday revealed plans to take full control of Eastern Asia Navigation (EAN), his publicly quoted shipping group, at a cost of HK$574m (US$73.5m).

The company, in which Sir Y.K. and his family connections already hold a 76 per cent stake, said the move was proposed to give Sir Y.K. greater freedom in dealing with problems confronting the group in the near future as the difficulties of the shipping sector worldwide continue to deepen.

EAN, which was hived off from Sir Y.K.'s Worldwide shipping group 18 months ago, now operates 20 ships, down from 38 in the middle of 1984. Of these, only six remain on long-term charter, and the charters on four of these six vessels expire during 1986.

Prospects of new charters on profitable terms are negligible, Sir Y.K. says. As the group is reorganised, profits and dividends are understood to be uncertain.

As a number of risky corporate moves will be needed to ensure the survival of a group which is currently debt-free, Sir Y.K. insists shareholders should be given the opportunity to bail out.

Through Maritime Finance and Capital Corporation, a private company controlled by Pao family interests, he is offering minority shareholders HK$1.45 per share in cash. This compares with a last-traded price for EAN shares of 95 cents, but falls 7.6 per cent short of a consolidated net asset value for the company of HK$2.6bn, or HK$1.57 a share.

The directors of EAN have appointed Sir Sze-Yuen Chung and Mr John Marden, both board members, to form an independent committee of the board which can advise minority shareholders. Schroders Asia has been appointed financial adviser to the independent committee, while Sir Y.K. is being advised by Wardley.

Documents detailing Sir Y.K.'s proposals, which will require the approval of minority shareholders at an extraordinary meeting, will be sent to shareholders during May, the group said yesterday.

Sumitomo may sell stake in Wah Kwong

By Yoko Shibata in Tokyo

SUMITOMO CORPORATION, the Japanese trading house, is negotiating with Wah Kwong, Hong Kong's third largest shipping company, to sell back its 8.5 per cent stake.

Three years ago, Sumitomo paid Y2.92bn ($16.4m) for 25m shares when the company won a Wah Kwong shipbuilding order. With Wah Kwong now undergoing a restructuring after being rescued by its bankers in January, Sumitomo sees little prospect of further similar orders.

According to Sumitomo, Wah Kwong is seeking in return a loan from the Japanese company to finance the repurchase. This would, however, be made at the original sale price despite the subsequent collapse in the value of Wah Kwong's shares.

Hutchison Whampoa 16% ahead

BY OUR HONG KONG CORRESPONDENT

HUTCHISON WHAMPOA, the Hong Kong-based trading property and utilities group controlled by Mr Li Kashing, yesterday reported net after-tax profits of HK$1.185bn (US$151.7m) for 1985, an increase of 16 per cent from comparable earnings in 1984 of HK$1.02bn.

Mr Simon Murray, the group's chief executive, noted that strong recurring profits, and a low level of net indebtedness, allowed the company to look for "suitable investment opportunities overseas." He insisted that there was no specific purchase yet in the company's sights.

In 1985, Hutchison committed a total of HK$12bn to be spent in Hong Kong over the next four years, Mr Murray said, and the group was reaching a point where further substantial investment inside the territory was counter-productive. Mr Murray said the group aimed to become more broadly based geographically.

Profit growth in 1985 came mainly from rising property income, property sales, and buoyant container operations. In addition, the group benefited from the first full year of profit contributions from Hongkong Electric, one of the territory's two main electricity suppliers, in which Hutchison acquired a controlling interest in January last year.

The year was extremely active for Hutchison. Apart from the purchase of its stake in Hongkong Electric, it sold a 21 per cent holding in the Cross Harbour Tunnel Company, and bought a 50 per cent interest in International City Holdings, a property group controlled by Mr Li.

Hutchison launched a HK$2bn expansion of its container terminal at Hong Kong's Kwai Chung port, bought a major building in Hong Kong's central district, and disposed of its shipping interests at a cost to the group of about HK$100m.

Trading profits fell between 1984 and 1985, by HK$150m to HK$1.12bn. This was mainly accounted for by the exclusion of exchange gains because of a change in local accounting policies, and by a fall in interest income.

Purchases over 1985 consumed cash surpluses that had in 1984 been earning interest, leaving it at the end of the year with net long-term debt of about HK$1.5bn. With shareholders' funds amounting to HK$6.47bn, this amounts to a gearing of 23 per cent.

Extraordinary profits amounted to HK$369m, and were mainly due to the sale of shares in Cross Harbour Tunnel and Hongkong Electric.

The board is recommending a total dividend of HK$1.05, compared with 84 cents in 1984.

Afro-West in diamond and gold project talks

By Kenneth Marston, Mining Editor

AFRO-WEST MINING of Australia has announced that negotiations with an overseas country—believed to be in West Africa—are at an advanced stage for the development of a sizeable diamond and gold mining project. It is hoped to have an initial agreement signed by mid-year for the venture which could cost some US$80m (£54m).

Afro-West, a small exploration company, estimates that the combined diamond and gold resources have a value of more than $3bn. Ore reserves are thought to be sufficient to support a mine life of 11 years and there is the "strong" possibility of extending this life by the discovery of additional reserves.

The venture would be a gem diamond operation, extending from the present, government-controlled alluvial workings to adjoining kimberlite pipes. It would be worked initially on an open-pit basis and later extended to underground operations.

Capital reshape for Field Industries

FIELD INDUSTRIES AFRICA, the troubled South African aircraft maintenance and rubber products company, has been obliged by its bankers to restructure its capital with help from Hunting Associated Industries, its British parent, writes Jim Jones.

Hunting is to provide an additional R5m ($465,000) equity capital to Field. It will also convert R9.6m of debt into equity and issue contingent guarantees to Field's South African bankers as a condition of their continued support. Hunting, which owns two-thirds of Field's 4.95m shares, will acquire 8m new convertible redeemable preference shares.

Gulf Riyadh Bank balance sheet declines

GULF RIYADH BANK of Bahrain showed a slight decline in assets and loans during 1985, writes Kathy Evans in Bahrain.

The balance sheet at the bank, which is 60 per cent owned by Riyadh Bank of Saudi Arabia and 40 per cent by Credit Lyonnais of France, dropped from $1.19bn to $1.07bn.

The bank blamed the decline on the economic climate of the region. Loans and advances dropped 10 per cent to $465m, but profitability improved because of concentration in the Treasury and investment sectors. Net profit after provisions amounted to $5.3m, up 4 per cent.

Pioneer Concrete shows 32% rise at six months

BY LACHLAN DRUMMOND IN SYDNEY

PIONEER CONCRETE Services of Australia has produced a 32 per cent increase in net earnings for its December half-year after a strong performance from its petroleum operations and its overseas quarry and concrete businesses.

It also revealed that the Total oil group of France is to exercise redemption and option rights relating to the 1982 sale of its Australian operations to Pioneer's Ampol oil refining and marketing subsidiary. This will give Total a 10 per cent stake in Pioneer later this year.

Pioneer's half-year net profits—after preference dividends—totalled A$54.84m (US$40m) compared with A$41.58m, riding on the previously reported 48 per cent increase from its 79 per cent-owned Ampol offshoot to A$34.7m.

Total sales for Pioneer advanced by 18 per cent to A$1.52bn, including Ampol's 7.4 per cent rise to A$839m.

Directors said Australian building products interests produced trading results similar to those of last year but marginally higher than budget. Overseas operations traded at a much improved level although the US operations, while profitable, had yet to gain the full benefits of recent investments.

Activities in the UK improved materially.

Earnings per share were 15 cents compared with 11.5 cents with the interim dividend steady at 6.25 cents a share. A one-for-five bonus issue has been promised for later this year with the new shares ranking for an at least steady final dividend of 6.25 cents.

Two Birla companies raise dividends

TWO leading companies in India's Birla group — Century Spinning and Manufacturing and Hindustan Aluminium Corporation (Hindalco) — have raised dividends for 1985 and propose bonus issues, setting a strong pace for results from the country's corporate sector, writes R. C. Murphy in Bombay.

Century more than doubled its pre-tax profits to Rs 477.51m ($39.1m) from Rs 220.6m on a 16 per cent increase in sales to Rs 2.89bn.

After providing for depreciation and tax, profits were up some 40 per cent to Rs 66.6m, the company raised the dividend to 28 per cent and announced a two-for-three scrip issue.

Hindalco, India's biggest private aluminium producer, posted only a 3 per cent increase in pre-tax profits to Rs 169.8m on a 7 per cent rise to Rs 3.06bn in sales. Profits after tax were down by one-third to Rs 43.7m.

The dividend, however, was raised by 1.5 points to 15 per cent and a one-for-two bonus issue is proposed. Hindalco hopes to service the expanded capital by an increased profit margin this year.

HUTCHISON WHAMPOA LIMITED

MESSAGE FROM THE CHAIRMAN

Hutchison Whampoa Limited is one of Hong Kong's largest, strongest and most diverse trading and investment holding companies. The Hutchison Group derives its financial strength from a number of autonomous subsidiaries and interests in several high-performance associated companies. It has major profit centres in property, container terminal operations, trading, retailing, China Trade, engineering, quarrying, and power supply and generation, and is looking for further expansion opportunities outside Hong Kong.

1985 was an eventful year for Hutchison with the Group making several significant acquisitions and investments in Hong Kong.

The Group's audited consolidated net profit after tax for the year ended December 31, 1985, was HK$1,185 million £105.1(m) compared with HK$1,023million (£90.8m) earned in 1984, an increase of 16%. Earnings per share were HK$2.17 (19p) compared with HK$1.81 (16p) in 1984. In addition, the Group earned extraordinary income of HK$369 million (£32.7m) resulting mainly from the sale of shares in The Cross-Harbour Tunnel Company Limited and Hongkong Electric Holdings Limited and realised surpluses from the sale of property. This compares with extraordinary income of HK$269million (£23.9m) in 1984.

The directors recommend a final dividend of 70 cents (6p) per share. This, together with the interim dividend of 35 cents (3p) paid on October 15, 1985, gives a total dividend of HK$1.05 (9p) for the year and represents a 25% increase on the 84 cents (7p) paid in respect of 1984.

In general, the Group performed well in 1985. The residential sector of the property market improved during the year. The Group has successfully sold more than 3,600 flats in its Whampoa Garden development, a HK$4,000 million (£355m) project in Hunghom, Kowloon, which is due for completion in phases over the next four years.

Hongkong International Terminals Limited (HIT), the Group's container terminal operator, continues to perform well and handled a record throughput representing approximately 45% of the Kwai Chung container port's total volume during the year. In view of the continued growth in throughput and pressure on existing facilities, and in accordance with previous plans, the Group has agreed with Government to proceed with the construction and operation of Terminal 6 at Kwai Chung. The new 3-berth terminal, due for completion in 1989, will double the Group's existing capacity, and will cost approximately HK$2,000 million (£177m).

Profits from the Group's trading and retail operations have shown an increase over 1984 in a very competitive market and, in particular, Hutchison-Boag Engineering and the A.S. Watson group have shown improved results. The progress of Hutchison Telephone Company has been satisfactory during its start up year, and the Sheraton-Hong Kong Hotel enjoyed another very successful year. The quarrying, asphalt and ready mixed concrete operations performed well to show improved results in very competitive market conditions.

During the year, the Group continued to invest in support of many of its subsidiaries with the acquisition of several new businesses to complement their existing activities. In addition, the Group has expanded further its coal trading activities through the formation of a 50:50 joint venture with the Total Group of France which will contribute to profits during its first year.

The financial soundness of the Hutchison Group is reflected in the balance sheet with shareholders' funds growing over the year from HK$5,078million(£450.6m) to HK$6,474 million(£574.4m). While the recent acquisitions have temporarily utilized the Group's cash resources, the overall gearing ratio remains low.

These acquisitions and the decision to proceed with the Terminal 6 project reflect the Group's continued commitment to and confidence in Hong Kong. During 1985, the Group made commitments of approximately HK$12,000 million (£1,065m) to be spent in Hong Kong over the next four years. Most of this is in support of the expansion and growth of our subsidiaries.

Hong Kong remains the focal point for our activities and our first and main priority will be the continued expansion of our existing businesses here. However, our cashflow projections indicate that we should be able to support more than this ongoing business expansion, and so we will also look at suitable investment opportunities overseas. It is our aim to become a more broadly based Group geographically with our headquarters and control resting firmly in Hong Kong on the very solid foundation of our proven ongoing businesses.

Barring unforeseen circumstances, the Group's overall 1986 performance should be satisfactory, and the total dividend for 1986 should be not less than that paid in respect of 1985.

Li Ka-shing
Chairman

Hong Kong, April 2, 1986

(Note: Exchange Rate as at December 31, 1985, £1 = HK$11.27)

1985 GROUP RESULTS

1985 £M		1985 HK$M	1984 HK$M
	Profit		
98.9	Trading profit	1,115	1,262
35.4	Share of profits less losses of associates	399	49
134.3		1,514	1,311
20.6	Taxation	232	198
113.7		1,282	1,113
8.6	Minority interests	97	90
105.1	Profit before extraordinary items	1,185	1,023
32.7	Extraordinary items	369	269
137.8		1,554	1,292
19p	Earnings, per share	HK$2.17	HK$1.81
	Ordinary Dividends, per share		
3p	— Interim	35c	28c
6p	— Final	70c	56c
9p		HK$1.05	84c

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HWL

Hutchison

INTL. COMPANIES

Hennessy lifts sales and market share

BY PAUL BETTS IN PARIS

HENNESSY, the cognac-producing division of the French Moët-Hennessy group, saw its consolidated sales rise by 14 per cent to FFr 2.47bn ($345m) last year compared with 1984. But Mr Gilles Hennessy, a member of the cognac company's board, expects sales to flatten out this year, increasing by only 2 to 3 per cent, as a result of the impact of the declining US dollar on turnover.

With sales of 26.5m bottles last year, Hennessy confirmed its position as the world leader in the cognac market with a 20 per cent share of the market. Hennessy also out-performed the market as a whole with a 8.5 per cent increase in volume sales compared with a 2.2 per cent growth for the market as a whole.

This growth was essentially the result of higher sales in the US market, which accounted for about 10m bottles last year; Ireland, with 2.5m bottles; Japan, with more than 2.5m bottles; Britain and West Germany.

Mr Hennessy pointed out that Ireland, with 3m inhabitants, had achieved the remarkable feat of buying 2.5m bottles of cognac last year. Hennessy has traditionally had a dominant position on the Irish market and its sales rose by 20 per cent there, boosted by the Irish Government's lower taxes on spirits.

Mr Henri de Pracontal, Hennessy's financial director, said the company had spent FFr 80m last year on industrial investments and FFr 134m to increase its stocks. With 50 per cent of sales accounted for in US dollars last year, he acknowledged that the fall in the value of the US currency would have an inevitable impact this year.

But he added the impact on the company's financial performance would be offset by price increases for cognac in the US market and by rising yen sales. He said yen sales should account for as much as 25 per cent of the total this year. Hennessy is now the leading cognac brand in Japan.

Profits from airline push Chargeurs ahead

BY PAUL BETTS IN PARIS

CHARGEURS, the diversified French transport group, reported a 54 per cent increase in net earnings to FFr 495m ($69m) last year from FFr 321m in 1984. Sales rose by 8.2 per cent to FFr 12.6bn.

The improvement reflects a strong contribution of FFr 532m from UTA, the long distance airline owned by Chargeurs. This was 85.3 per cent higher than the previous year. But the deficit from sea and road transport activities increased to FFr 261m compared with a loss of FFr 211m the year before. Cruise operations lost FFr 224m a deterioration from a FFr 129m loss the previous year.

Consumer and industrial products were again profitable, however, with earnings of FFr 178m, while the group had other non-operational gains of FFr 270m last year.

The company expects earnings to increase again this year despite the cost of launching France's new fifth channel private commercial television network. Chargeurs is one of the main shareholders in the network, accounting for FFr 156m of its FFr 500m capital. The results this year sould be helped by lower oil prices, lower interest rates and restructuring of the shipping sector. Chargeurs took a special charge of FFr 128m for its shipping restructuring programme in 1985.

CSX earnings hit by slow property sales

BY OUR FINANCIAL STAFF

LOWER first-quarter earnings have been shown by CSX Corporation, with the net result at $85m, or 56 cents a share, against $90m, or 60 cents a share in the corresponding quarter a year earlier.

Revenues of this Virginia-based transport, energy, technology and property concern were also down at $1.7bn compared with $1.99bn.

The company said reduced property sales activity significantly affected net income during the first quarter.

CSX also cited pricing pressures in its rail division.

● Loews Corporation, the diversified US conglomerate, has boosted its stake in CBS, the broadcasting concern, to 16.7 per cent from 12.3 per cent by purchasing 1,040,400 common shares from Fisher Brothers, New York property developers, AP-DJ reports from New York.

INTERNATIONAL COMPANIES and FINANCE

David Gardner on a rescheduling deal at Cermoc that takes repayments beyond year 2000

Mexican brewer rolls out historic debt agreement

CERVECERIA Moctezuma (Cermoc), the debt-laden Mexican brewer which has been in dispute with its foreign creditors for the past two years, has reached a rescheduling agreement, which—it is believed for the first time in Latin America—stretches out debt repayments beyond the year 2000.

The deal represents a considerable victory for Mr *Alberto Bailleres, until recently* the majority shareholder of Cermoc and the head of a business empire which includes Industrias Penoles, the world's largest private silver producer and one of Mexico's major dolar earners. By contrast Cermoc's 34 dollar creditors, headed by Chase Manhattan Bank of America, Wells Fargo and Security Pacific, which are each owed more than $20m, appear to come out least well from the restructuring.

Before the deal, Cermoc's total *foreign obligations* exceeded $400m, including arrears. The restructuring divides up the debt into two $150m tranches, and simply waives arrears, said by one banker to amount to $120m.

The first tranche, described as that portion of the debt best serviced in the past, is repayable at five-year Libor (London interbank offered rate) plus a quarter percentage point, over 14 years with six years grace. *The second tranche is repayable* at a fixed 3 per cent interest rate, between 1987 and 1999.

But bankers familiar with the deal say that, in effect, a large portion of the second tranche may be written off. The first portion of the debt takes priority in servicing. If the second portion cannot be serviced, part or all of it becomes converted into a third tranche, which would be rolled over beyond the year 2000.

Cermoc's inability to service its debt became a problem in *January 1984 when one of its* smaller creditors started legal proceedings against the brewery, to recover its loans. Mr Bailleres moved first, however, and declared a suspension of payments which under Mexican law, gave Cermoc court protection against any *immediate prospect of* liquidation.

In subsequent negotiations, Mr Bailleres turned down a bank inspired restructuring plan whereby he ceded part control of the company in return for capitalisation of a portion of the debt.

The central proposal was that the banks converted $40m into a 30 per cent stake in the brewery or $80m into a 60 per cent holding. Under the first option it was envisaged that Mr Bailleres would put up $40m of *his own capital.*

In the event Mr Bailleres refused either to surrender control or put in new money as part of a rescheduling. When *the banks reopened bankruptcy* proceedings towards the end of 1984 the brewery was put under temporary Government management.

Neither the banks nor the overnment had much leverage against the Bailleres group, since the different interests *owned by Mr Bailleres are held* separately and not within a holding company which is the more traditional corporate model here.

By July last year Mr Bailleres had once again taken successful evasive action by effectively ceding majority control of Cermoc to the Visa Group, Mexico's second largest private holding company which owns the Cuauhtemoc breweries. This ranks second in local beer production, after the family owned Modelo Brewery and just ahead of Cermoc.

A new holding company called Fomento Proa was set up, with ownership of 53.45 per cent of the shares of both Visa and Cermoc. Mr Bailleres in exchange received 10.5 per cent of Proa and indirectly, between 5 and 6 per cent of Visa.

From the beer industry's point of view, the Proa deal meant a considerable rationalisation, with two of the three major players running a coordinated and complimentary strategy, against the other.

From the Government's point of view, it meant jobs were preserved and that the beer industry stays in Mexican hands.

For Visa, the Proa arrangement further consolidated the group's majority share holding held by the Garza Lagüera family at a time when it was resisting a hostile takeover bid by Visa's other main group of shareholders, led by Mr Javier Garza Sepulveda, a volatile *Monterrey businessman known* popularly as "Manotas" because of his outsized hands.

For Mr Bailleres the tie-up with Visa furnished an additional barricade from behind which to hold his creditors at bay and a foothold in a company on its way back to financial health, after Visa's advantageous rescheduling of its $1bn foreign debt. This was on terms which exempted it from payment of the 15 per cent withholding tax on dollar debt.

As for the banks, under the rescheduling they will at least get some returns on their loans and there is no intrinsic reason why the extraordinary terms arranged for Cermoc, not to mention Mr Bailleres' unorthodox tactics, should create a precedent for other Mexican private foreign debtors, nearly all of whom have already rescheduled.

Moreover, these companies' *cashflows are being heavily* boosted by a Government sponsored foreign exchange risk scheme, known as Ficorca — which covers $11.6bn of total *private sector foreign debt* estimated at about $18bn.

FFr 600m floating rate note by CNT breaks new ground

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

Caisse Nationale des Telecommunications of France yesterday launched a FFr 600m floating rate note the first such Eurobond in French currency since *the market opened in 1967.*

The issue is the first of three planned on the April calendar agreed with the French Treasury on Tuesday night. *The other two* issues will be for Finland and the Province of Quebec, giving a total issue volume for April of some FFr 2bn.

Bankers said the launch of a floating rate issue for CNT underlines the more flexible approach the French authorities are adopting towards the Franc Eurobond market, now that it is successfully re-established. Not only are novel instruments now being permitted, but the authorities are more relaxed about the size and frequency of new issues.

A fourth issue for an unspecified borrower may be permitted in April if market conditions permit.

Credit Commercial de France is leading the ten-year CNT issue. Interest will be linked to the yield on medium-term Government bonds rather than the Eurocurrency deposit rate common for floating rate notes in other currencies.

Interest will be reset annually at a margin of 10 basis points over the medium-term bond index as calculated by Caisse des Depots et des Consignations. The first coupon has already been set at 8.56 per cent.

The bonds are priced at 100½ per cent, with the premium price including a one-year option for investors to convert into a fixed rate 8½ bond also maturing in 1996 and with a call option at 101 in 1993.

The conversion option, which cannot be detached and traded separately from the notes, gave the paper additional appeal as it affords protection against a further steep decline in interest rates. The bonds met a good reception in the market and were quoted yesterday at a discount well within their 2 per cent total fees.

Rights issue by NMB to raise Fl 140m

By Our Financial Staff

NEDERLANDSCHE Middenstandsbank (NMB), one of the three leading Dutch banks, is making a one-for-10 rights issue of ordinary shares, offering Fl 50 nominal shares to existing holders at Fl 185 apiece. This compares with a closing price of Fl 214 on the Amsterdam stock exchange yesterday.

The new shares will be entitled to dividend for 1986, and the rights will be traded as from tomorrow. The issue will raise some Fl 140m ($53m).

The bank said yesterday that the capital increase was required both to keep its solvency ratios in step with the expansion of its business, and also as a response to the growing demand of the international banking community for bank to strengthen their equity bases.

Last year NMB raised its ratio of equity to assets from 2.5 per cent to 2.8 per cent, though assets grew slightly faster showing a year-on-year increase of 3 per cent to Fl 70.2bn at the end of 1985. Net profits after deduction of the Fl 20m earned by subsidiaries, was Fl 140m, up 29 per cent on 1984.

NMB expects earnings per share to be "at least maintained at the 1985 level" this year.

Borrowers shy away from dollar sector

BY ALEXANDER NICOLL

BORROWERS eager to raise money amid the general euphoria in the international bond markets mostly preferred yesterday to quench their thirst in currencies other than the dollar.

After an extraordinarily volatile day's trading in the US markets on Tuesday, with a sharp rise followed by just as sharp a fall, most issuing houses felt it prudent to await New York's openin gyesterday, when the long bond fell more than a point, partly due to a rebound in oil prices, they felt justified in their caution. Eurobond prices fell and the three dollar straights launche don Tuesday suffered accordingly.

Meanwhile, six borrowers tapped the Swiss franc foreign bond market for a total of SFr 800m. There were also issues in European currency units, Danish crowns, French francs, D-Marks, sterling and New Zealand dollars.

Yesterday's only plain-vanilla *dollar straight was launched* by Nomura International for NTN Toyo Bearing, with the guarantee of Sanwa Bank. The $110m 10-year deal has an eight *per cent coupon and price of* 101½, and was launched with a margin over US Treasuries of 60 basis points.

The spread was higher than might have been seen in the days, now ended, of *Sushi* bonds (foreign currency bonds) issued directly out of Japan by Japanese residents. The recent raising of the ceiling on foreign securities purchases by Japanese insurance companies from 10 to 25 per cent of total assets means that such bonds, which were exempt from the ceiling but now come under it, must compete for investors' attention with other bonds.

The dollar sector also witnessed a relatively rare event: the launch of a floating rate note. The $150m 25-year deal was for KB-Ifima, a subsidiary of Kredietbank of Belgium, which is guaranteeing the deal. Credit Suisse First Boston, as lead manager, set tight terms to go with the long maturity: 15 basis points above three-*month London interbank bid* rates (Libid).

The issuers were counting on the current scarcity value of FRNs, but the bond was quoted *outside its fees.*

Also in dollars, Rohm, the Japanese semiconductor concern, launched an $80m five-year equity-linked deal led by Nomura International with a 4 per cent indicated coupon and 2½ per cent exercise premium.

The Swiss market saw a flurry of issues, apparently caused less by favourable market conditions than by a build-up of borrowers in the quiet pre-Easter period.

News International, the British arm of Mr Rupert Murdoch's media conglomerate, is making a SFr 200m issue with the lian company. Led by Credit Suisse, the 10-year issue has a 5⅝ per cent coupon and par pricing.

Union Bank of Switzerland launched an issue on tighter terms for Safeway Stores of the US, with a 15-year maturity, 5¼ per cent coupon and pricing of 100½. It also led SFr 100m five-year deal for Kansai Electric Power, with a 4¾ per cent coupon and pricing of 100½.

Southern California Gas became the latest borrower to launch a perpetual issue, similar to the structure first arranged for PepsiCo, paying interest in dollrs for 10 years and then switching to a coupon equal to 10-year US Treasuries.

The SFr 150m deal, led by Wirtschafts-und Privatbank, has a coupon of 7½ per cent nd will be redeemable by the investor depending on Swiss frnca/dollar exchange rates.

The same bank is leading a SFr 50m five-year placement for Hokuetsu Paper Mills with a 4¾ per cent coupon and par pricing.

The Danish crown Eurobond sector saw its first direct sovereign borrower, Sweden, with one of the largest issues in the sector so far. The DKr 500m seven-yer issue, with an 8¾ per cent coupon and par pricing, was led by Privatbanken and was well received. It is not being swapped.

Banque Paribas launched an Ecu 150m issue due in February 1994 with an additional Ecu 50m, and a partly-paid feature for the first time in Ecus. Of the 100¾ issue price—set with a 7¼ per cent coupon—10¾ is payable this month and 90 in October. The issue is designed to appeal to investors in *that the inverse yield curve* in Ecus enables them to put the October payment on deposit now and earn a higher rate than the bond would pay. The concept is *similar to a warrant offering a* play on an expected decline in Ecu rates.

The flow of borrowers into the Euro-sterling market continued with an issue led by S. G. Warburg for the South Australian Government Financing Authority. The £50m five-year deal has a 9¾ per cent coupon and 100½ price, giving a net margin over gilts of 10 basis points over gilts, somewhat more generous than some other issues launched recently.

Taiwan trust widens foreign investment

STATE-OWNED Central Trust of China, CTC, has started to accept mutual funds from individuals for investment abroad to help curb Taiwan's money supply growth, Reuter reports from Taipei.

The minimum investment is US$10,000 compared with $1.25m for companies. Yesterday CTC signed $500,000 worth of contracts with individuals.

The funds are invested in overseas government treasury bills, bonds and certificates of deposit and have a maturity of between two and five years.

The central bank last week authorised two more local banks *to set up mutual funds.*

The banks authorised to set up mutual funds are now the Bank of Taiwan, International Commercial Bank of China, *CTC, the Farmers Bank of* China and City Bank of Taipei.

Total investment in the mutual funds is expected to be at least $2bn by the end of June.

Reuter.

Beijer chief out as protest

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

MR JAN SPARR, managing director of Investment AB Beijer, the Swedish investment company controlled by Mr Anders Wall, resigned yesterday in protest at what he claimed was the growing encroachment of the board on his independence of action as chief executive.

"The company must in all main respects be run by the managing director, and the board cannot interfere too much in business decisions," he said. "I have slowly seen a development with my board where they have been wanting to take decisions that *I* think are mine."

Mr Sparr has worked at Beijer, which is quoted on the London stock exchange, for more than 10 years. Mr Wall, who took the post of executive chairman a year ago, said last night that he would take responsibility for Beijer's strategic investments.

The Beijer board yesterday appointed Mr Par Skantorp as the new managing director of Beijer with responsibility chiefly for Beijer's industrial operations. Mr Skantorp is currently managing director of Kebo, the laboratory equipment subsidiary of Beijer.

Beijer is 28 per cent owned by Argentus, another investment company which, in turn, is controlled by Mr Wall, who holds some 30 per cent of the votes.

Japan's public bond dealing rules eased

SMALL JAPANESE financial institutions are to be permitted to deal in Japanese public bonds and securities companies will be allowed to deal in bankers acceptances, the Finance Ministry said yesterday.

As a result 10 local banks, 29 mutual savings banks and six credit associations will be free to deal in public bonds from about June.

Securities companies in Japan would be able to deal in bankers acceptances from Tuesday. The move was announced last June.

The Ministry indicated that it was likely to soon approve other changes in Japanese financial regulations. These could include allowing securities companies to add short-term public bonds to the investment trust funds they currently offer and to have interest payments on investors bonds automatically applied to their brokerage accounts. This should make it easier for investors as they will not have to deposit interest payment cheques each time they are due.

AP-DJ

US QUARTERLIES

CORNING GLASS WORKS
Specialty glass products

First quarter	1986 $	1985 $
Revenue	422.5m	392.4m
Net profits	39.3m	48.0m
Net per share	0.81	1.19

FEDERAL
Poultry products, milling

Third quarter	1985-86 $	1984-85 $
Revenue	303.2m	310.5m
Net profits	5.7m	8.3m
Net per share	0.34	0.51
Nine months		
Revenue	912.8m	956.6m
Net profits	27.1m	25.0m
Net per share	1.66	1.52

HARTMARX
Clothing

First quarter	1986 $	1985 $
Revenue	290.3m	288.8m
Net profits	8.3m	12.5m
Net per share	0.60	0.93

NIKE
Sports footwear

Third quarter	1985-86 $	1984-85 $
Revenue	258.7m	220.7m
Net profits	11.5m	12.1m
Net per share	0.30	10.05
Nine months		
Revenue	824.3m	699.2m
Net profits	45.5m	3.5m
Net per share	1.19	0.09

RITE AID
Drugstores

Fourth quarter	1985-86 $	1984-85 $
Revenue	428.9m	375.4m
Net profits	24.5m	26.3m
Net per share	0.61	0.63
Year		
Revenue	1.56bn	1.36bn
Net profits	62.5m	69.9m
Net per share	1.52	1.69

TEKTRONIX
Test and measurement instruments

Third quarter	1985-86 $	1984-85 $
Revenue	364.5m	421.2m
Net profits	15.5m	24.0m
Net per share	0.79	1.17
Nine months		
Revenue	1.0bn	1.1bn
Net profits	31.8m	60.3m
Net per share	1.58	2.96

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on April 2

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 15	200	104⅝	104⅞	−0⅛	+3	9.20
Atlan. Richfield 10⅛ 00	250	107⅛	107⅝	−0⅛	+0⅛	9.27
Australia Com. 11 95	200	118⅝	118⅞	−0⅛	+2⅛	8.67
Australia Com. 11½ 05	100	119⅛	120⅛	−1⅛	+1½	8.73
BP Capital 9¾ 94	100	105⅞	106	+0⅛	+0⅛	8.46
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A. & NZ Bk. 15½ 90 A$	50	106⅝	107⅞	+0⅛	+0⅛	12.68
BMW Finance 13 90 A$	50	103⅛	104⅛	+0⅛	+0⅛	11.70
Fiat Finance 14½ 88 A$	50	102⅝	103⅝	+0⅛	+0⅛	12.96
LB Schleswg. 14½ 91 A$	30	107	108	−0⅛	+2	12.04
Amax 10½ 90 C$	50	106⅞	107⅛	+0⅛	+1⅛	8.65
[illegible]						

UK COMPANY NEWS

Enterprise warns after year of static profits

BY DOMINIC LAWSON

Enterprise Oil, one of the UK's leading oil explorers, yesterday announced static net profits for 1985 of £62.7m, and warned about the prospects of a much-reduced level of activity and profits, as a result of the collapse in oil prices since the end of last year.

The company, which until 1984 constituted the oil producing arm of the British Gas Corporation, is paying an unchanged final dividend of 5p per share, bringing the net total to 8.5p, an increase of 0.5p over 1984's debut payout as a private sector company.

Last year Enterprise encountered an average selling price for its 35,000 barrels a day of oil of over £20 each.

The current oil price is equivalent to less than £7, but Mr William Bell, the chairman, said yesterday: "We have the financial resources to weather the storm even if it lasts for some time, and where, appropriate to take advantage of the opportunities which these conditions create."

This was a reference to the chance of buying up oil and gas properties or companies offered in distress sales.

At year-end Enterprise held net cash of over £20m, in contrast to some other UK oil companies with heavy levels of debt.

A fortnight ago Britoil, a similarly well financed oil producer, announced a 30 per cent cut in planned exploration expenditure and yesterday Enterprise's chief executive, Mr Graham Hearne, said that the company had already initiated a 40 per cent cut in its exploration budget for 1986.

Last year Enterprise spent £76.4m in capital expenditure, of which exploration and appraisal drilling accounted for £50.4m.

The group's proven and probable reserves grew by 33 per cent over the year to reach 244m barrels of oil equivalent. This was chiefly the result of the £122m take-over of Saxon Oil in August.

Mr Hearne warned yesterday that Enterprise could face balance sheet write-offs in relation to assets which had been deemed commercial before the recent oil price slide.

Enterprise's turnover last year was £266.3m (£266.7m), on which it made pre-tax profits of £111.1m (£138.5m). After tax profits were £62.7m (£62.6m), leaving earnings per share unchanged at 29.5p.

Mr Graham Hearne, chief executive of Enterprise Oil.

Mr Michael Unsworth, oil analyst at stockbrokers Scott Goff Layton, said yesterday that Enterprise could pay a maintained dividend in 1986, covered by earnings, even if the oil price averaged no more than $15 at current exchange rates.

See Lex

Exchange gains dominate Lyle Shipping results

Lyle Shipping are dominated by the impact of currency exchange movements.

The relative strength of sterling against the US dollar during 1985 contributed exchange gains and releases from provisions of £14.76m, whereas losses and provisions from this source in 1984 amounted to £12.35m. As a result, Lyle made a pre-tax profit of £6.81m, against a £16.8m loss before.

The continuation of exceptionally adverse market conditions caused further shipping losses of £4.88m (£3.22m) and also from offshore services—£3.95m (£2.82m)—where the process of equity accounting for the results of Lyle's associate has eliminated the carrying value of this asset in the books. Accordingly, there will be no further attributable losses from this source.

The company says shipping prospects for 1986 are not good and the year has started badly with freight rates very weak, even by comparison with the "abysmal" levels of recent years. Lyle notes that charterers rather than owners have benefited from falling oil prices.

The company's market has deteriorated further and there are no signs of an immediate improvement in conditions.

The group, however, continues to operate within the working capital facilities which have been provided and senior management is heavily involved in specific projects and policies designed to maintain the group's operations on a realistic basis.

Lyle warns its shareholders that they should be fully aware that the company's future is dependent upon a significant recovery in bulk shipping rates and ship values, failing which further reconstruction will be necessary.

The auditors have again qualified their opinion to cover the possibility that the net book value of the fleet may not be recovered through future trading. They have also referred to the fact that working capital facilities beyond December 31 1986 will not be negotiated until towards the end of the current year.

The availability of such facilities will depend on trading conditions and prospects prevailing at that time.

BOARD MEETINGS

TODAY

Interims:—Acorn Computers, Burton, Druck, Merivale Moore.

Finals:—Cluff Oil, Ealing Electro-Optics, Empire Stores (Bradford), GRA, Ibstock Johnsen, JSD Computer International, William Morrison Supermarkets, Reckitt and Colman, Wayne Kerr, Weir.

FUTURE DATES

Interims:—

Arenson	Apr 8
Memory Computer	Apr 7
Next	Apr 8
UDO Holdings	Apr 8

Finals:—

Batec	Apr 17
Barr and Wallace Arnold Trust	Apr 30
Finlay Packaging	Apr 9
Fothergill and Harvey	Apr 10
French Connection	Apr 10
Howden Stuart Plant	Apr 10
Portals	Apr 10
President Entertainments	Apr 15
Scanro	Apr 8

Ocean Transport held by ship disposal loss

A SWING of £11.4m to losses of £5.6m on the disposal of ships has left taxable profits of Ocean Transport & Trading just £1.8m ahead at £31.9m for 1985.

After tax of £11.6m (£8.3m) earnings are shown as 17.5p (16.8p) on a net basis, 17.6p (18.2p) nil distribution, while the dividend is lifted by 1p to 6.5p with a final payment of 3.95p (3.35p).

Mr William Menzies-Wilson, chairman, says the ship disposals were in line with the group's established strategy. They were effected in a depressed market and with the dollar weak against sterling.

He stresses that during the year the group had continued to develop its industrial and distribution services by both organic growth and acquisitions. Most of the wholly-owned businesses improved their trading results, he adds, while the associate company, OCL, achieved record profits.

Turnover for 1985 amounted to £766.9m (£779.8m) and with trading profits of £18.8m (£16.2m) were split as to: Ocean Cory £609m (£606m) and £14.9m (£13.8m); O.I.L. £27.2m (£31.2m) and £2m (5.8m); Ocean Marine 121.8m (£129.1m) and £4.3m (nil); other £8.9m (£11.5m) and £2.4m loss (£3.4m loss).

Pre-tax figure for the year was after net interest charges of £8.1m, against £11.3m, much higher associate's share of £26.8m (£19.4m) and the loss on ship disposals.

Attributable profits came through at £16.4m (£14.1m) after minorities, £1.1m (£1.3m), exchange gains £0.7m (£1.5m losses) and extraordinary debits of £3.5m (£4.9m).

● comment

Ocean's efforts to present itself as an industrial services company received scant support from yesterday's preliminary results, which showed the business of ocean transportation accounting for almost two-thirds of both profits and capital employed. Within the marine division, Ocean's wholly-owned operations appear to be making not much above 6 per cent on capital, while even after a doubled dividend OCL's profit contribution bears no relation to the payment received by Ocean. Small wonder that the group is focussing the spotlight on the Cory division, which goes from strength to strength. This year Cory's growth should be sufficient to offset the inevitable decline at OCL, leaving profits before ship sales a little higher at about £39m, but it may be that by the time those figures are published the group will have been transformed by the disposal of OCL or absorption by P & O. Ocean would clearly prefer to remain independent, which makes its cautious dividend policy something of a puzzle. The balance sheet has been put straight but, even after yesterday's increase, the annual payment remains below the 1982 level and leaves the shares yielding 4.7 per cent at last night's 197p.

Metal Box abandons US can operation

By Tony Jackson

Metal Box is abandoning the manufacture of drinks cans in the US, selling its only US plant to Metal Container, the can subsidiary of Anheuser Busch, America's biggest brewer.

The deal coincides with a technical agreement between Metal Box and Metal Containers, whereby the US firm is paying a fee for access to Metal Box's research.

Metal Box is to receive just over $41m (£27.7m) for the package. How much of that is attributable to the plant, which made pre-tax profits of $2.3m on assets of $9.2m last year, was not disclosed.

The can-making subsidiary, Metal Box Can, consists of the plant at Carson, outside Los Angeles. Its entire output of 1bn cans a year is taken by Pepsi Cola.

Metal Box said the plant, built six years ago, was technologically advanced, but was too small an operation to carry the burden of technological innovation on its own.

The group was confident of the prospects for beverage cans in the US, but wanted to reposition its business in other areas.

The technical agreement with Metal Containers was described as an enabling agreement. Metal Box said: "For a consideration, we open our doors to them, and they're entitled to take whatever bits of our technology they like on a negotiated basis."

It is understood that the agreement primarily concerns technology for making cans lighter in weight, which is of central importance in large-scale can making. Metal Box has also been asked to audit the structure and layout of Metal Containers' next plant.

The agreement is the second reached by Metal Box in the US in recent months. The group has also signed a $100m joint venture with Alcoa, the US aluminium manufacturers, to develop and manufacture new Metal Box products in the field of plastic packaging.

As with the Metal Containers agreement, this will involve the exploitation of ideas coming from Metal Box's research laboratories at Wantage.

The group has a worldwide reputation for innovation and engineering skill in the packaging field, but has also been criticised for making insufficient commercial use of its ideas.

Christies shares fall as profits drop to £12.2m

IN ANOTHER active year, 1985 profits of Christies International, auctioneer, comfortably exceeded 1983 levels, but as foreshadowed at the interim stage, failed to reach the previous year's record figures.

Pre-tax figures for 1985 fell by some £4m to £12.25m and yesterday the shares dropped 13p to 313p.

With stated earnings per 10p share at 14.83p (adjusted 18.14p), the dividend is in effect maintained at 5.5p net with a final of 4p (same equivalent).

In spite of major fluctuations in the world's currencies the international art market remains at a high level.

Mr J. A. Floyd, the chairman, says the board continues to keep levels of expenditure under rigorous control and the terms of trade throughout the group under constant review.

"Although it is too early to make any firm predictions about the outcome for 1986, I believe that the increasing benefits of our recent capital expenditure and the experience and expertise of the staff will combine so that your group will make further progress at home and overseas," he says.

Turnover rose slightly to £64.1m (£63.49m) in 1985, of which £28.6m (£29m) accrued in the UK and £26.4m (£27m) in the US. Operating profits came out at £11.66m (£15.06m).

Tax took £6.09m (£8.72m) and net attributable profits were down £2m at £6.48m after including extraordinary income of £0.41m (£1.05m).

Reviewing the year, the chairman says that demand for works of art, while not as insatiable as in 1984, has been very strong in almost all areas of activity.

The company continues to expand its services to clients and last year opened an office in Hong Kong where the first sale took place in January, 1986.

Last December saw a successful inaugural sale in Monaco where the late Sir Charles Clore's French furniture accounted for the larger part of the £6.46m total.

Other salerooms performed well, with the exception of New York which suffered in the second half from adverse publicity received in the summer. Mr Floyd says indications are that confidence has been restored.

● comment

Christies could not have been expected to da as well in 1985 as in 1984 when the sale of the Chatsworth drawings turned an excellent year into a record one, and when everything including exchange rates was pointing Christies' way. Nevertheless, these results were disappointing, especially in the US where the costs of expansion were set against a static turnover. It is not clear whether this was due to the after effects of the Bathurst scandal or to Sotheby's aggressive marketeering. Either way, no startling rebound is likely this year, and although the art market as a whole seems in tolerably good health, bumper sales—excluding the Goya painting which should be sold later this month—are in rather short supply. Profits of £14m translate into a p/e of 18 on yesterday's price of 313p, down 16p—too high for such an unreliable business. Investors clearly hope that as the only art auctioneer on the market Christies must soon be the object of a bid.

Manufacturing boosts BSG to 55% growth

A SIGNIFICANT pick-up in the manufacturing division has helped the BSG International group to produce a 55 per cent lift in pre-tax profits in 1985. They are up from £4.21m to £6.52m on a turnover 18 per cent higher at £356m.

In 1984 manufacturing suffered a decline mainly through strikes at vehicle manufacturers. Compared to that, the 1985 turnover has risen 16 per cent to £95.5m and the trading profits have expanded by 53 per cent to £5.52m.

Mr H. Whittall, says rear seat belt legislation will help the profitability of the Britax seat belt and child safety equipment operations in 1986. Rumbolds, the aircraft equipment manufacturer, made excellent progress in 1985 and has a strong forward order book.

In vehicle distribution turnover improved 19 per cent to £260.5m and trading profits by 29 per cent to £5.09m. Autolease ended the year with some 9,000 vehicles out on contract hire and lease.

This year's profit includes £234,000 post acquisition from Adams & Gibbon, the car dealer purchased last September at a cost of £5.5m in shares and cash.

As to overall prospects for 1986, it is too early to forecast but the chairman says management accounts for the initial two months indicate a significant improvement in profit over the previous year.

After tax £1.3m (£1.86m) and minorities £158,000 (£180,000) the 1985 net attributable profit came to £5.06m (£2.16m). Earnings are shown at 3.7p (2.1p) and the final dividend is 0.715p for a net total of 1.1p (1p).

● comment

With profits surging ahead as fast as this, it is sometimes hard to remember that just four years ago BSG International was incurring losses. The group is in the enviable position of experiencing a coincidence of cycles: the vehicle distribution division is enjoying buoyant market conditions for new and used car sales, while on the manufacturing side, seat belts and child safety seats, furniture for fast food outlets and equipment for aircraft interiors are all in big demand. None of the cycles appears likely to turn downwards this year and profits of about £8.25m are in sight, putting the shares, up 1p at 40p, on a prospective p/e of nearly 10. The rating may look mean against the wider market but reflects the City's wariness of BSG's cyclical activities. Diversifications are an attempt to counter this—manufacturing already accounts for half the profits—but the share price has had a good run and now looks up with events.

Utd Trust lifts profit and plans to join USM

By Richard Tomkins

United Trust & Credit, an issuing house and financial services group which has its shares traded on the over-the-counter market, has announced an increase in profits from £302,000 to £762,000 for the year to December 1985 and says it is likely to join the USM in June.

UTC's turnover, which rose from £8m to £13m last year, comes mainly from market-making in OTC and Stock Exchange quoted securities, but the corporate finance division is the main contributor to profits.

The group is active in the new issues market and has so far brought 11 companies to the OTC and USM. Among the USM issues have been Gable House (now on the main market), John Kent, Sangers Photographic and Pavion International.

Mr Geoffrey Simmonds, who founded UTC in 1982 with Mr Richard Owen, said the group saw itself as an embryonic merchant bank and a flotation on the USM would be a step towards achieving that status.

"We now have a three-year trading record and feel it would be appropriate to move from the OTC to a better, more mature, market," he said.

UK COMPANY NEWS

Pearson in £22m Fairey sale

BY DAVID GOODHART

Fairey Holdings, the engineering arm of Pearson, has sold Fairey Engineering to Williams Holdings, the Midlands-based industrial holding company.

Williams, which recently pulled out of a £150m bid for McKechnie Brothers, has paid £22m for the company which is exactly the same price that Pearson paid when it bought it from the National Enterprise Board in 1980.

Fairey Holdings announced in January that it was seeking a buyer for Fairey Engineering because of the cyclical nature of the business and its wish to focus more on high technology. About 70 per cent of its estimated £61.2m turnover comes from military bridge engineering, in which it is a world leader, and the rest is divided between the manufacture and installation of special control equipment for nuclear power stations.

Fairey Engineering's pre-tax profits were £12.7m in 1984 and £9.6m in 1985. However, because of fluctuations in bridge orders it is expected to fall this year to between £3m and £4m and may not rise to 1985 levels again until 1990.

Williams is paying for the deal with a vendor-placing for which it has issued 3.7m of its increasingly popular shares (13 per cent of its enlarged share capital). The placing at 590p was said to be heavily over-subscribed.

Mr Brian McGowan, the Williams managing director, said he would be seeking to even out the peaks and troughs in the business, but was very happy with the existing management team. "Although we have bought at the bottom of a trough we can see a large number of orders in the pipeline," he said. It has just received a £2m cost-plus bridge order from the US.

Although Fairey Engineering satisfies Williams' interest in specialist niche businesses, it is of a higher technical quality than most of its previous acquisitions. Fairey has net assets of £19.5m which includes £4.4m new capital that the holding company has agreed to put back into the company out of the £8m it took out as a special dividend in 1985.

Williams will have to invest heavily in the bridge business —90 per cent of which goes to export—as a new generation of bridge is currently under construction. But the new owners are expected to be less interested in the nuclear installation business. Mr McGowan said the company's market capitalisation will now be about £190m and net assets £68m.

Williams share price rose 61p to close at 671p Pearson fell 6p to close at 497p.

Panel raps Guinness over share dealings

By David Goodhart

Guinness yesterday received another reprimand from the Takeover Panel for not revealing until the publication of its offer document that four Guinness pension funds had been buying Guinness shares.

The Panel said that under rule 8 of its code details of the purchases should have been publicly announced by 12 noon on the next business day. It added that as it had not found out the precise timing of the purchases it could not for certain establish if the rule had been broken.

Guinness has until tomorrow to increase its offer for Distillers if it wishes to, and there was a strong market rumour yesterday that it would do so today.

The Court of Session in Edinburgh will today continue to consider the Argyll challenge to Guinness's bid under Article 86 of the Treaty of Rome. Yesterday Argyll made its submission. A result is not expected until Friday.

Argyll last night released the offer document for its final offer.

Mr Brierley has 6.5% of Ultramar

BY CHARLES BATCHELOR

IEP Securities, the investment holding company controlled by Mr Ron Brierley, a New Zealand businessman, yesterday revealed that it has built up a 6.45 per cent stake in Ultramar, the British oil company.

Ultramar said IEP had begun building up a shareholding nine months ago and it now owned 17.59m shares. Mr David Elton, an Ultramar director, said the company had not met Mr Brierley but "given Mr Brierley's custom he is expected to be in touch."

Ultramar's shares rose 4p to 190p yesterday to value the group at £518m.

Mr Elton said Mr Brierley appeared to be making "a good contra-cyclical investment" in Ultramar at a time when falling oil prices had depressed the oil sector's shares.

"Mr Brierley probably has investments in about 50 British companies," he added. "He seems to have a variety of motives for making investments. He has a reputation for being a very good analyst."

Mr Brierley has moved on from investment stakes to control of Tozer Kemsley and Millbourn, a vehicle and property group. TKM last month announced a £71m takeover bid for Kenning Motor Group but this was immediately rejected.

Hanson has 30% of Imps

Hanson Trust yesterday announced that it spoke for 30.2 per cent of the shares of Imperial Group compared with the 21.96 per cent holding revealed by United Biscuits, its bid rival, on Tuesday.

Hanson said it had received acceptances from the owners of 20.06 per cent of Imperial by Tuesday's third closing date of its revised £2.7bn offer.

Together with the shares already owned by Hanson and its associates this takes the Hanson holding to 228.3m shares or 30.2 per cent of Imperial's equity. Hanson has extended its offer to April 11.

United Biscuits has acceptances from the holders of 7.02 per cent of Imperial's equity and owns further shares taking its total holding to 21.96 per cent.

Hanson is permitted to buy up to a further 4.86 per cent of Imperial, but United is not allowed to make any further purchases.

Imperial claimed yesterday that Hanson or its associates had bought call options over Hanson shares to boost the value of the Hanson bid. Hanson said it was not allowed to buy options over its own shares and it denied that it or its associates had made such purchases.

CHI in £1m agreed sun roof acquisition

By David Goodhart

C H Industrials, the chemicals and specialist engineering group, has taken to the acquisition trail with an agreed deal for Valor Bruce costing just under £1m.

The price of the deal was close to the approximate £1m profit that CHI made on selling its 27.7 per cent stake in Banro Industries last month. CHI had built up its stake in the fellow car components company following an unsuccessful take-over attempt last year.

Mr Tim Hearley, chairman of CHI, said that Valor Bruce had just the capacity for extra sun-roof production that he had been seeking from the bid for Banro. "It's really a smaller version of Banro," he said. Tudor Webasto, the sun-roof company 50 per cent owned by CHI, has just announced a £2.4m sun-roof contract with Austin Rover for the Montego and Maestro.

Valor Bruce, which last year made pre-tax profit of £300,000 on a turnover of £3.5m, is the car component subsidiary of Valor, manufacturers of home and leisure products. Mr Michael Montague, Valor's chairman, said: "Bruce has had a patchy record roughly in line with the performance of the motor manufacturing industry."

Ramus margins suffer midterm

Ramus Holdings, the USM-quoted ceramic tile distributor, returned virtually unchanged taxable profits of £211,000, against £217,000, for the six months to January 6 1986.

Turnover was higher at £14.78m compared with £13.24m. Earnings per share were 0.5p higher at 3p. The interim dividend has been held at 1.5p.

Mr Ernest Ramus, the chairman, says the turnover increase was based on "our continued progress with ceramic tiles supported by vinyl and carpet flooring and did not reflect our new ranges of furniture and sanitaryware."

He says that a changeover to distributing ranges of kitchen furniture made by Spring Ram caused a temporary loss of turnover and contributed certain costs associated with disposal of the discontinued products.

The company's profits are traditionally better in the second half

Newman Tonks

Newman Tonks the hardware branded products group which is fighting off an unwelcome bid from McKechnie Brothers announced yesterday that it has acquired new export orders from the Middle and Far East totalling £3m. The McKechnie bid closes on Sunday.

COMPANY NEWS IN BRIEF

STANLEY MILLER Holdings, building contractor, cuts its loss from £449,000 to £6,000 in 1985 and is paying a final dividend of 0.5p for 1p net total (nil). The result takes account of the loss of the one time associate in Saudi Arabia, and below the line there is an extraordinary £266,000 to write off the investment in that company, now in liquidation. Turnover came to £26.32m (£18.6m) and operating profit to £120,000 (£272,000 loss).

FLOYD OIL Participations, USM-quoted oil and gas exploration company, reports a net loss of £15,875 (profit £585,008) for six months to end-1985 after tax credit of £164,583 (charge £75,590). There was an extraordinary credit this time of £243,071, giving a retained profit of £227,196 (£585,008). There is still no dividend.

ELYS (WIMBLEDON), retailer, reports taxable profits of £500,000, against £473,000, for year to February 1 1986 on turnover of £7.72m (£7.81m for previous 53 weeks). Earnings per share were 25.8p (19.9p). Final dividend is 8.5p (8p), making 9.5p (9p).

EXECUTEX CLOTHES raised 1985 turnover to £4.87m (£4.24m) and pre-tax profits to £377,300 (£117,200). Earnings amounted to 16.49p (5.5p) per 20p share and dividends are restored with a 2p net payment. Tax took £25,900 (nil) and extraordinary debits £50,200 (£61,000). The directors are engaged in preliminary negotiations with another company which they feel can be smoothly integrated into existing operations.

MAGNOLIA GROUP (Mouldings) raised 1985 turnover from £11.65m to £14.3m and pre-tax profits from £641,000 to £1.03m. Earnings emerged at 10.93p, up from 6.97p, and a final dividend of 2.6p makes a total of 3.35p net, compared with 2.6p. Sales to date are ahead of those for the comparable period of 1985.

KLEINWORT Benson Sterling Asset Fund net asset value per participating share £19.9 (£18) for the six months ended March 31 1986. The dividend is reduced from 5.1p to 4.9p gross per share. Net revenue is shown as £3,044 (£5,056).

TIP TOP DRUGSTORES, which claims to be the largest drugstore in the North of England and Scotland with 78 outlets, is planning a full stock market flotation later this month. The company, which was founded 20 years ago, last year made pre-tax profits of £777,000 on sales of £27m. Sponsors to the issue are Kleinwort Benson, and James Capel are the brokers.

A. BECKMAN, converter and merchant of textiles, property investor and developer, increased taxable profits from £754,000 to £802,000 for the six months ended December 31 1985. The interim dividend is unchanged at 1.95p. Turnover was £7.36m (£6.9m) and after tax of £291,000 (£326,000) earnings are shown as 5p (4.2p) per share.

WILLIAM JACKS, overseas trader, car distributor and retailer, lifted pre-tax profits 90 per cent in the year to January 31 1986, from £190,000 to £361,000, on turnover of £28.29m (£21.8m). A final dividend of 0.6p (0.5p) improves the total by 0.1p to 1.1p. Earnings are shown up at 2.9p (2.17p).

PEEL, the property investment and development company, is raising £35m through the issue of first mortgage debenture stock. The stock, which is being placed by NM Rothschild, matures in 2011, has a 9¾ per cent coupon and has been priced at £99.623 to yield 9.917 per cent. Brokers to the issue are Rowe and Pitman.

CAPARO PROPERTIES pre-tax profits fell to £86,000 (£188,000) in 1985. There is no final dividend and 0.2p interim compares with previous single final 0.5p. Earnings per 25p share were 0.8p (1.44p). Extraordinary charge was £750,000 (£31,000) of which £728,000 was a provision for permanent diminution in value of listed securities. A very significant profits increase is expected this year and the board contemplates the future with much confidence.

HAMPTON GOLD Mining Areas' subsidiary, Hampton Australia, and Gold Resources Proprietary, a subsidiary of CSR, agreed on March 26 to sell their interests in Paringa Gold Mining Joint Venture to North Kalgurli Mines for A$37m (£17.8m). Completion is on May 12. Hampton held 20 per cent and Gold Resources 80 per cent of the joint venture.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AB Ports	6.75	May 30	5.5	10	8.5
Alexandra Workwear	3.75	May 30	—	6	—
Amec	7	July 1	7	11	11
A. Beckman int.	1.95	June 2	1.95	—	5.73
Blockleys	16	June 11	13	26†	21
Britannia Security‡ int.	0.6	—	0.5	—	1.25
BSG Intnl.	0.72†	July 1	0.65	1.1	1
Bunzl	5.75	July 1	4.25	10	7.5
Christies Intnl.	4	May 22	4*	5.5	5.5*
Coates Bros.	3.2	July 1	3.2	4.6	4.6
Elys (Wimbledon)	8.5	—	8	9.5	9
Enterprise Oil	5†	May 30	5	8.5	8
Executex Clothes	2	—	nil	2	nil
Gabicci int.	1‡	—	0.9	—	2.8
Greenbank	1.5	—	1.3	2.4	2.1
Guardian Royal	19.75	—	17.5	28.75	26
Wm. Jacks	0.6	July 1	0.5	1.1	1
Kleinwort Gilt	29.96¶	May 3	31.01	124.5	120.89
Kleinwort Sterling	4.9¶	June 30	5.1	4.9	5.1
Lambert Howarth	4.25	May 21	3.54*	5.75	4.79*
Ldn. and Manchester	15.69	May 30	14	23.8	19.8
Magnolia (Mouldings)	2.6	—	2	3.35	2.6
MY Dart	0.68	June 16	0.5	1	0.75
Ocean Transport	3.95	June 2	3.35	6.5	5.5
Stanley Miller	0.5	May 28	nil	1	nil
Scottish Heritable	1.6†	May 23	1.4	3	2.5
Silkolene	3	May 19	6	6	9
A. G. Stanley	1.5	May 23	1.5	2.5	2.5
Sun Alliance	11.75	July 7	9.75	17.5	15.5
Sun Life Assce.	14.4	—	12	23.74	19.78

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	132xd	—	7.3	5.5	8.1	7.5
151	121	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
75	43	Airsprung Group	72	+1	6.4	8.9	12.0	15.7
46	33	Armitage and Rhodes	35	—	4.3	12.3	4.3	5.2
177	108	Bardon Hill	177	—	4.0	2.3	22.4	23.3
64	42	Bray Technologies	58	+1	3.9	6.7	7.1	8.2
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pr.	99	—	15.7	15.9	—	—
150	80	Carborundum Ord.	146	—	4.9	3.4	7.2	11.3
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	55	—	7.0	12.7	6.7	7.5
32	20	Frederick Parker Group	23	—	—	—	—	—
110	50	George Blair	110	+1	—	—	4.5	8.1
68	20	Ind. Precision Castings	62	+1	3.0	4.8	16.4	13.7
218	161	Isis Group	166	+1	15.0	9.0	12.8	19.1
122	101	Jackson Group	121	—	5.5	4.5	8.1	8.1
346	228	James Burrough	343	—	15.0	4.4	10.8	10.8
98	86	James Burrough 9pcPf.	96	—	12.9	13.4	—	—
95	61	John Howard and Co.	61	—	5.0	8.2	4.8	7.6
1200	570	Minihouse Holding NV	1095	−5	6.9	0.6	47.8	45.4
82	32	Robert Jenkins	70	—	—	—	9.1	20.0
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	68	Torday and Carlisle	69	—	5.0	7.2	3.5	6.3
370	320	Trevian Holdings	330	—	7.9	2.4	6.9	9.1
63	25	Unilock Holdings	53	+1	2.1	4.0	14.4	14.1
175	93	Walter Alexander	176	—	8.6	4.9	9.9	12.1
226	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

UK COMPANY NEWS

Eric Short reports on insurance company results

GRE profits dive by £89m

Guardian Royal Exchange, a leading composite insurance group, reported a pre-tax profit of just £3.5m in 1985, against £92.2m for the previous year, following a £40.6m loss on discontinued international professional indemnity business.

Tax and minority interests converted this into an after tax loss of £13.8m, to which was added a £55m contingency claims provision for discontinued international professional indemnity business. This compared with an after tax profit in 1984 of £54.3m.

GRE is lifting its total dividend for 1985 by 10.6 per cent from 26p to 28.75p through a higher final of 19.75p (17.5p), the decision being justified by the underlying financial strength of the group.

Premium income on general insurance operations only rose slightly in sterling terms from £1.24bn to £1.29bn, the underlying growth allowing for exchange rate fluctuations being around 17 per cent.

Underwriting losses worldwide climbed from £111m to £154m, while investment income growth was held back by reduced cash flow on the strength of sterling dropping from £186.7m to £179.3m, the underlying growth in investment income being 7.4 per cent.

The poor results from GRE arose mainly from the massive reserve strengthening undertaken on various operations. By far the largest strengthening took place on GRE's share in a professional indemnity insurance operation relating to major accountancy firms operating on an international basis. This business was discontinued early in 1985, but GRE has continuing liabilities while the business is run off.

But the group has made several other reserve strengthening moves on its worldwide operations mostly connected with liability business.

One such exercise occurred on UK operations amounting to £19m. This was the main cause of the deterioration in underwriting losses on UK operations from £45.5m to £66.9m on premium income up 18.5 per cent to £460m.

However, GRE also suffered on its major motor account and its property account. The group has made three major rating increases on private motor business, resulting in some loss of business.

Elsewhere, US business showed a slightly higher underwriting result, while losses in West Germany were up from £7m to £9.6m.

Weather losses in Australia and Fiji cost £8m, turning an underwriting profit into a £9.6m los, while Canada showed losses of £16.6m.

See Lex

Sun Alliance down despite lower underwriting losses

A DECLINE of 20 per cent in pre-tax profits, from £47.6m to £37.7m, in 1985 is reported by the Sun Alliance Insurance Group, despite a fall in underwriting losses from £198.7m to £183.4m. Net profit for the year fell from £37m to £27.7m.

The group is increasing its dividend payment for the year by 13 per cent from 15.5p to 17.5p.

General insurance premium income rose by 11 per cent from £1.61bn to £1.78bn, including a £119m reinsurance premium from the Chubb Corporation. The underlying premium growth allowing for exchange rate fluctuations and changes in the business portfolio was 19.3 per cent.

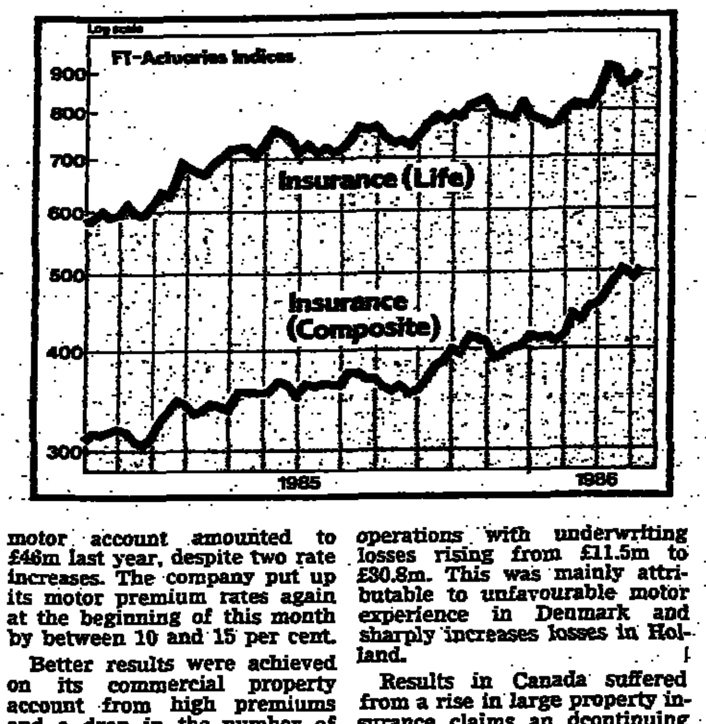
Investment income showed a 12.4 per cent drop in sterling terms from £227.9m to £200.2m, arising from the strength in sterling and loss on income on the financing costs of the acquisition of Phoenix Assurance. The underlying growth rate allowing for these factors was 13 per cent.

The costs connected with the integration of Phoenix's general insurance business, estimated at £33.1m, have been dealt with through the revaluation reserve.

The solvency margin at the end of 1985 was 74 per cent—79 per cent excluding the reinsurance premium from Chubb.

Underwriting losses in the UK—the group's main operating territory—was reduced from £83.2m to £69.9m, despite severe weather at the beginning and end of the year which cost £29m, on premium income up 22 per cent from £669.3m to £817.9m.

In addition to poor results on its major domestic property account, Sun Alliance as a leading motor insurer has been hit hard by the rising numbers of claims and average cost per claim affecting the whole UK insurance market.



Underwriting losses on its motor account amounted to £46m last year, despite two rate increases. The company put up its motor premium rates again at the beginning of this month by between 10 and 15 per cent.

Better results were achieved on its commercial property account from high premiums and a drop in the number of major fire losses.

Ongoing business in the US showed a considerable improvement, underwriting losses cut by half in sterling terms from £35m to £18m—the 1984 loss included the Phoenix Continental pool business terminated at the beginning of 1985. This improvement reflects the better market conditions and substantial premium increases.

However, the group has been hit by the reserving costs of its now discontinued medical malpractice business through the Chubb pool and on its own account. A strong provision of £16m net of tax has been made on this latter business on a below-the-line basis.

There was a sharp deterioration in the group's European operations with underwriting losses rising from £11.5m to £30.8m. This was mainly attributable to unfavourable motor experience in Denmark and sharply increases losses in Holland.

Results in Canada suffered from a rise in large property insurance claims an dcontinuing poor experience in the automobile account. Underwriting losses in Australia jumped from £6.7m to £16.7m, due partly to weather losses in Brisbane at the beginning of the year and a rise in the number of serious fires.

Elsewhere, a few territories showed improvement, but results generally were unfavourable. The rundown in the reinsurance business has continued, but there has been some further reserve strengthening.

Profits from long-term insurance business increased by 13 per cent from £18.4m to £20.9m and premium income was up by 14 per cent from £505m to £577m.

See Lex

London & Manchester improves 14%

London and Manchester Group reported a 14 per cent increase in attributable profits for 1985 up from £5.79m to £6.59m. Shareholders get a 20 per cent dividend rise from 19.81p to 23.811p.

After-tax profits from ordinary branch main funds rose 25 per cent from £2.03m to £2.55m, while profits from the industrial branch were nearly 16 per cent higher at £2.29m

Total life premium income rose by nearly 13 per cent

The company has declared unchanged normal reversionary bonuses on its with-profit contracts of £5.75 per cent of the sum assured for ordinary branch contracts and £4.30 per cent of the sum assured on industrial branch policies.

However, it has made a major increase in its additional reversionary bonus payments of £4.5 per cent of attaching bonuses compared with £1.5 per cent previously for ordinary branch contracts and £4 per cent against £2 per cent on industrial branch contracts.

Sun Life profits 20% ahead to over £15m

A 20 per cent rise in pre-tax profits in 1985 from £12.6m to £15.1m is reported by the Sun Life Group. This includes a £400,000 development cost for Sun Life Trust Management—the unit trust subsidiary in the group.

After tax profits rose by 21 per cent from £11.7m to £14.1m and the dividend payment for the year is also increased by 20 per cent to 23.74p per share.

Following the actuarial valuation for the year a record amount of £114.9m was allocated to policyholders, while shareholders received £11.3m. The unit linked operations produced substantial profit growth. Sun Life Pensions showed a near 50 per cent increase from £1.2m to £1.7m, while Sun Life Unit Assurance showed a near doubling in profit from £400,000 to £800,000.

Investment income on shareholders' funds remained constant at £1.7m.

Total premiu mincome during the year rose slightly from £416m to £434m, while total group funds under management increased by £492m during the yea rto £3.76bn at the end of 1985.

The continued strength of the stock markets worldwide saw the long term insurance business investment reserve fund, which represents the appreciation of invested assets. rise from £633m to £681m even after a £106m transfer from realised appreciation in this investment reserve.

comment

The profits advance from Sun Life reflects the strong growth in stock markets worldwide, the benefit of which has been given to both policyholders and shareholders by bringing in over £100m of realised capital profits into the annual valuation. The investment of shareholders' funds made a few years ago into unit-linked life operations and pension investment managed funds is now paying off, while the group's new venture into the unit trust sector should also start to produce profits in a year or two. Shareholders can look forward to continued growth at around the present rate as long as stock markets hold up. The share price rose 17p to 889p on the results, yielding 3.8 per cent, fully reflecting the potential.

UK COMPANY NEWS

Bunzl tops £42m and set for sustained growth

AT £42.67m, the pre-tax profit from Bunzl for 1985 has exceeded the minimum forecast by around £2.67m, and compares with the £27.65m achieved in the previous year.

The dividend is lifted from 7.5p to the promised 10p net with a final of 5.75p. Shareholders will also receive a two-for-one scrip issue.

The profit and dividend forecasts were made with Bunzl's abortive bid for Brammer. In November Bunzl made successful offers for Stewart Plastics and United Parcels.

Activities of the group are the merchanting and distribution of pulp, paper and paper products, the manufacture of specialised paper and plastic products, and transportation.

Mr Ernest Beaumont, chairman, says the group has established the necessary range of activities to provide sustained growth over the next few years, and has the right geographical balance with the UK and US accounting for around 80 per cent of trading profit.

With 80 per cent of sales invoiced in foreign currencies, and especially US$, changes in the value of the pound have a very significant effect on the sterling value of the group's sales.

This was one reason for the 1985 turnover showing a decline from £857.2m to £787.6m. The other reason was that pulp trading experienced a steep decline in prices and some reduction in volume.

Trading profit moved ahead from £32m to £41.24m and was analysed as to: "distribution £23.76m (£17.85m); merchanting £5.44m (£5.84m); transportation £594,000 (nil); Filtrona £8.81m (£7.16m); industrial £3.85m (£2.41m); less central costs £1.22m (£1.24m). The worldwide weakness of the pulp and paper market towards the end of the year prevented the merchanting division from matching its 1984 record.

Mr Beaumont says there has been an encouraging start to the current year. Business activity in the US remains rather sluggish, but has been more than offset by the continuing high tempo in the UK and Europe. He is confident that 1986 will prove successful.

Pre-tax profit for 1985 included share of associates £1.38m (£2.4m) and net interest and dividends received £53,000 (£6.79m charged). There were currency losses on trading £217,000 (£98,000 gains), forward currency contracts gains £2.68m (£412,000 loss), and reversal of previous £755,000 provision for loss on forward currency contracts.

Tax takes £18.68m (£12.22m), including UK £7.45m (£2.49m), and minorities £1.46m (£1.76m), to leave the net attributable profit at £22.53m (£13.67m) for earnings of 29.2p (21.9p) per share. Extraordinary charges come to £4.5m (£1.75m) the principal item being costs of the bid for Brammer of £2.3m net.

At the year-end shareholders' funds stood at £135.2m, or 138.4p per share. Net borrowings were £21.1m, representing 16 per cent of shareholders' funds.

● *comment*

Bunzl's transformation from sleepy cigarette filter maker to world-wide distribution, packaging and specialist manufacturing group was only slightly hindered by its failure to acquire Brammer last summer, and subsequent acquisitions, though late in its financial year, helped it come in well above the £40m it forecast at the time of the bid. The prognosis for the foreseeable future is further rapid growth: transport has only just begun to show its face in the figures and distribution is expanding both geographically and into new product areas. The market is looking for something like £62m for this year, putting the shares, up 5p at 660p, on a prospective p/e ratio of 17 after a 38 per cent tax charge. The multiple looks high for the paper and packaging sector, but the potential offered by Bunzl's distribution and transport activities and the likelihood that the group will prove as adept at exploiting the opportunities as it has in the last few years suggest that the rating is justified.

Improved margins lift A. G. Stanley

A. G. Stanley Holdings, retailer of home decorating products and maker of wallcoverings, lifted pre-tax profits by 51 per cent from £1.76m to £2.69m for 1985. Turnover rose 7 per cent to £59.82m, against £55.82m.

The profit margin improvement apparent at the interim stage was maintained throughout the year.

The dividend is maintained at 2.5p net with a final of 1.5p (same). Earnings per 5p share increased from 3.45p to 5.82p.

There was a substantial increase in profits at the group's wallcoverings mill, which contributed £362,000 to 1985 results. This was the result of continuous investment over the past three years in technically advanced products, bringing a 14 per cent rise in export sales and a 47 per cent increase in home market sales outside the group.

During 1985 more Fads decorative products stores were opened and the group ended the year with 208 stores totalling 696,184 sq ft. It is anticipated that a further 22 stores will be opened in 1986, adding some 126,000 sq ft to the retail selling area.

● *comment*

The market has never been able to muster much enthusiasm for A G Stanley, a stubbornly unfashionable member of the very fashionable retail sector. Nonetheless these results surpassed expectations and the shares rose by 6p to 89p yesterday. Within manufacturing the introduction of extra capacity and more expensive products added an unexpected fillip to profits. But Stanley's long-term plans are still pinned on retailing and its Fads chain of High Street shops. Having missed out on the out of town DIY boom of the early 1980s, Fads is concentrating expansion on the High Street—which will absorb 10 of this year's 22 openings—and on "edge of town" superstores. Whether Fads joins them or not the out of town sheds still dictate prices to the DIY market, and margins are a perennial problem. Stanley succeeded in alleviating some pressure on margins last year by increasing sales of own-label paints through Fads, but DIW in 1986 is unlikely to be an any less competitive than in 1985. With profit projections of £3.2m for the coming year, Stanley's p/e at 11.5 is markedly lower than the sector average. But the combination of continued competition and fears that Fads is approaching market saturation could scupper any chance of improvement.

Britannia Security more than doubles to £0.73m

GROWTH, both internally and through acquisition, enabled the Britannia Security Group to lift its first half profits before tax from a restated £363,000 to £734,000.

Comparative results were adjusted to reflect acquisitions treated on a merger accounting basis

Earnings for the half year (to December 31, 1985) rose to 4.87p (2.89p) and the net interim divided is being stepped up from 0.5p to 0.6p per 10p share.

Turnover pushed ahead from £3.45m to £4.36m — the USM group is engaged in the sale and rental of security and monitoring systems.

There was no contribution from Tele-Link Archives as the company was acquired after the year-end. For the 1985 year Tele-Link achieved a taxable profit of £430,000

Mr Jeremy White has been appointed joint managing director of the group with Mr Ralph Kanter with effect from April 1.

● *comment*

Although the recently acquired White Group and a nifty piece of merger accountancy, produced much of the increase in profits, Britannia Security benefited from the City's newfound fondness for crime related companies and the shares gained 11p to 118p yesterday. Having rationalised its activities into five key divisions—alarms, integrated systems, industry, business services and central stations — Britannia is now poised to add a sixth division, through acquisition, as part of its policy of becoming a "broadly based" security group. The next few months should see a spate of acquisitions: augmenting the alarm network, adding to industrial services and expanding business services outside the Greater London area. Thus far Britannia has funded most of its acquisitions through paper, although a series of small, cash deals has eaten away flotation capital and increased borrowings. The company is now considering a move to the main market to increase paper flexibility. The City expects profits of £1.3m and a p/e of 19 for the year as a whole.

Margins cut at Lambert Howarth

REDUCED MARGINS means that profit growth at footwear manufacturer Lambert Howarth has been limited to 5 per cent in 1985, from £1.56m to £1.64m pre-tax. And then exceptional charges cut this year's figure to £1.31m.

Earnings show an improvement from 18.9p to 19.9p, and the dividend is up to 5.75p net with a final of 4.25p. Last year the total was equal to 4.79p.

Sales of the group, which lists Marks and Spencer among its customers, rose by 14 per cent to £27.26m. On the manufacturing side additional capacity needed to support rising demand did not come on stream in time to lift turnover significantly. Reorganisation of the factories has ben expensive in terms of cost, margin and management effort.

The importing division increased its profitability but severe currency fluctuations reduced margins and depressed an otherwise reasonable trading profit.

Exceptional items charged to the profit comprise £143,000 for redundancies on the restructuring and £188,000 cumulative cost arising on a change in depreciation charges for plant and machinery.

● *comment*

The new chairman and chief executive sunk their teeth into Lambert Howarth last year producing £330,000 of exceptional costs and knocking a very modest increase in operating profits down to a 16 per cent pre-tax setback. But having purged the cost base, invested in new plant and improved productivity, profits should bounce back to almost £2m this year. With over half its production shifting onto the shelves of Marks and Spencer, Lambert Howarth could enjoy at least another two or three years of solid growth as the High Street giant carves out its position in the market. One task for the new executives is to have something on tap to provide the growth after that. To date the company's efforts in menswear have been weak. This could either be remedied by buying design/production talent or picking off an established manufacturer amongst the host of small private companies. The prospective p/e, on a normal tax charge, drops to under 8 at 205p — surely too modest for this market.

Pyrotechnics lift MY Dart to £0.8m

A significant turnaround in the pyrotechnics business has helped M.Y. Dart to record its best profit for many years, reaching £806,000 pre-tax for 1985, against £301,000 last time. A final dividend of 0.675p lifts the total to 1p net (0.75p).

Sports and leisure showed improvement but the packaging companies' contribution was somewhat lower. Group turnover was £24.77m (£21.6m).

Further progress is anticipated for the group this year, although conditions in some markets were not favourable in the first quarter. It is proposed to change the name to M.Y. Holdings.

Silkolene profits fall

Losses in its used oil refining activity, poor quality feedstock and technical problems in the final quarter, have reduced Silkolene Lubricants' pre-tax result for 1985 to £426,000. But for this, directors say the results would have been in line with the £1m achieved in 1984.

They are proposing a lower dividend total of 6p (9p) with the final reduced to 3p (6p). Earnings are shown down from 15.2p to 6p.

Sales for this Derbyshire-based group, which makes and distributes petroleum products, improved by £1.13m to £26.91m. Operating profits fell to £525,000 (£979,000).

Scottish Heritable lifts profit by 71% to £3.3m

The diversified Scottish Heritable Trust has lifted its turnover from £24.32m to £32.97m and its pre-tax profit from £1.9m to £3.25m in 1985, percentage gains of 36 and 71 respectively.

A final dividend of 1.6p makes the total 3p net for the year, compared with 2.5p.

This year's figures include nearly 10 months from Hoskins and Horton. The acquisition of Robert Kitchen Taylor at the end of the year substantially increased the property interests; the proposed management buy-out of the fabric division is still under discussion but the rest of the RKT group has been integrated successfully.

Assuming normal trading conditions prevail, the directors would expect the group as presently constituted to continue its progress.

The Goswell Road, London, EC, property is fully let to one tenant, and its current rent is £225,000 rising to £300,000 by end 1987. The property has been valued at £3.5m, the surplus over cost being taken into the accounts.

Net assets per share are shown at 58.9p at end 1985. Estimated current market value of gravel reserves, building land and investments exceeded the balance sheet values by £4m, or 19p per share.

LADBROKE INDEX
1,419-1,423 (−1)
Based on FT Index
Tel: 01-427 4411

AB Ports firmly back in profit after £24m swing

A STRONG performance over the second six months of 1985 enabled Associated British Ports Holdings to swing from losses of £7m to profits of £17.2m pre-tax for the full year.

Mr Keith Stuart, the chairman, says the results demonstrate the group's underlying strengths, the benefits of the action taken to increase efficiency at the ports and the potential for further growth in the business as a whole.

Looking to 1986 he tells shareholders that overall, prospects for the group's continued prosperity and expansion are excellent.

Meanwhile, the total dividend for 1985 is being lifted by 18 per cent to 10p net by a final of 6.75p. A scrip issue on a one-for-one basis is also proposed. Earnings came through at 32p (losses 2.3p).

The £24.2m turnround in profits was in line with City expectations. The port services contributed £13.2m (£9.5m loss) after charging £4m (£10.1m) severance costs and allocating £700,000 to the employee share scheme.

Property chipped in £5.5m (£2.8m) and other income £0.6m (£1.2m). Interest charges increased by £0.6m to £2.1m.

During the year most sections of port services activity showed an upward trend and performed profitably, reflecting both increased business and a reduction in costs.

The capital investment programme has been stepped up to meet the rising level of new business opportunities and totalled £21m in 1985, almost double the previous year's £11.9m.

All four Humber ports returned better results and are benefiting from a programme of new investment. At Southampton, the turnround was described by the directors as dramatic.

The South Wales ports also achieved significantly improved results, partly reflecting the recovery in coal traffic.

The directors say the group's ports are unlikely to be seriously affected by the decision concerning the Channel tunnel.

The group's land and property has been professionally valued at £104.2m. This compares with £54.2m at December 1981 and with a book amount of £35.6m.

● comment

Although AB Ports' profit is not much higher than forecast a year ago when the company was just emerging from the miners' strike and from its own labour problems, its shares have risen almost threefold since then. Quite suddenly the market has become wildly enthusiastic over the group's 1,000 acres of property free to be developed now that it is out of the public sector. Yesterday's unexpected property revaluation of 100 per cent added about 170p to asset value, and the shares which had risen 40p on Tuesday went up another 65p yesterday to close at 625p. While property is likely to supply an increasing share of group profits over the next decade or so, attention should not be directed from the ports which are making a good recovery. A reduced labour force, increased efficiency and heavy capital investment, should mean port profits well above last year's figure, which included three months of miners'. A £28m total would imply a p/e of 12, suggesting that investors have yet to lose their sense of balance.

AMEC down after losses from subsidiaries

TRADING LOSSES in four of its subsidiaries have affected the 1985 results of AMEC, civil engineer, which has announced a £1.6m fall in pre-tax profits to £25.5m.

Mr J. W. Morgan, the chairman, says that steps have been taken to deal with the problems in the subsidiaries, and in spite of difficult market conditions the core activities remain strong.

The directors are recommending a maintained 7p final dividend, to give an unchanged total of 11p. AMEC's stated earnings per 50p share are down from 29.6p to 24.8p.

Turnover in 1985 rose from £686.7m to £715m. The group's realisations and income from investments improved substantially to £2.6m (£700,000). Exchange losses amounted to £1m against gains of £1.8m, however.

Tax took £9.5m (£7.6m). There were extraordinary debits of £3.3m (credits £500,000), relating to net closure and reorganisation costs.

● comment

AMEC could almost be criticised for hiding its light under a bushel of write-offs. The fall in pre-tax profits being reported is more than the result of admirably conservative presentation than of the underlying trend. As a result, the temptation must be to add back the £4m of trading losses taken above the line which will not be repeated this year. Three of the four units involved have been closed or sold. The fourth, Worley, has become a joint venture with Santa Fe (behind which sits Kuwait Petroleum Company) and must look more stable now in spite of the state of the oil market. Other exceptional items suggest that as much as a further £1m might be available, provided exchange rates do not turn too sharply against the group. This makes forecasts of £30m look almost too easy to achieve and the shares on a prospective p/e of 9 at 271p, something of a snip. With the rationalisation phase firmly behind it, the question has to be: what next? If some of the group's £47m cash pile is to be put to better use, why not the UK house-building market which, unlike cash in the bank, will be gaining as interest rates fall.

Blockleys 23% ahead at £1.92m

Blockleys, a brick and building products manufacturer, raised its 1985 turnover from £7.32m to £8m and saw its profits before tax rise to £1.92m, an improvement of 23 per cent over 1984's £1.57m.

Earnings moved ahead from 69.9p to 75.11p and a final dividend of 16p lifts the net total by 5p to 26p on the capital enlarged by a one-for-seven rights issue in 1984.

The profits improvement was brought about by better sales from the established plants and higher profit margins.

The directors say they are encouraged by a high level of demand for the company's paviors and wirecut facing bricks and add that there is every indication that this demand will continue.

They are confident that Blockleys will obtain an increasing share of the market, leading to a steady improvement in profits and dividends.

Alexandra Workwear up to record £2.9m

IN ITS first full year as a public company, Alexandra Workwear lifted pre-tax profits from £1.95m to a record £2.92m. Turnover for the 53 weeks to February 1 1986 was £5m higher at £26.23m.

During the first seven weeks of the current year, orders and sales have continued to grow steadily, according to plan. Production efficiency is increasingly benefiting from the extra space now available.

A final dividend of 3.75p makes a 6p net total. Stated earnings per 10p share advanced from 10.8p to 16.4p. Current tax took £923,000 (£359,000) and deferred £177,000 (£394,000).

Sales continued to develop well in all areas during the year. The policy of giving special attention to specific market areas by means of specialised selling divisions has been continued and new divisions

Export sales fell from £1.6m to £1.4m, but within these figures sales to the EEC market, mainly Holland, were up 59 per cent

● comment

Alexandra's profits certainly justify the shares' lofty rise since the flotation at 100p just over a year ago. Prices were lifted by 5 per cent at the beginning of the year so volume has increased by somewhere around a fifth. The market generally is expanding but quite clearly the company is capturing market share from its rivals and with an extra 2 points on pre-tax margins the 50 per cent profits advance comes out a little ahead of most expectations. Prices will be raised by only 2½ per cent on much of the range within a matter of days and again the company is anticipating another surge in volume. Margins could be a little fatter and it would be disappointing if profits could not pass the £3.5m mark in 1986-87 for a prospective p/e of just under 14 at 288p.

Coates Bros. hit by sharp downturn in printing inks

A SHARP downturn by its printing ink activities in the second six months left Coates Brothers' pre-tax profits £800,000 lower for the 1985 year at £11.52m.

Earnings, however, edged ahead from 15.69p to 15.78p after a lower tax charge of £4.92m (£5.81m) and a final dividend of 3.2p holds the net total at 4.6p per 25p share.

Turnover improved from £181.94m to £189m.

The 1985 results of overseas subsidiaries were converted into sterling at 1985 average exchange rates. In 1984, year-end exchange rates were used and had this method been applied in 1985 turnover and pre-tax profit would have been £10.65m and £1.04m lower respectively. The results for 1984 would not have been materially different if average exchange rates had been used.

In the UK a setback within the inks and resins operations wiped around £1m off profits with more than half of this accounted for by adverse currency movements.

Coates companies in New Zealand, Hong Kong and most parts of Africa, and associated companies in India, Sri Lanka and Spain all produced profits well ahead of 1984 but in North America problems in Colonial continued and urgent measures to correct the situation are in hand.

UK sales increased. However, improved performances by graphic products and screen inks were offset by reduced profits in other areas, resulting in an overall fall of 13.2 per cent in total UK profits.

The UK ink division is expected to benefit in 1986 from the branch rationalisation and completion of the new northern factory at Rochdale which is now operational.

Currently, group profit is very similar to the equivalent period in 1985.

The results for 1984 have been adjusted. In that year the year-ends of a significant number of subsidiaries were changed to December 31 and 14-month figures were included for those subsidiaries.

The adjusted figures are directors' estimates based on management accounts of the group results as if no change had been made to the year-ends of these subsidiaries.

● comment

After a "savage year" in the printing ink and resins business, Coates Brothers has turned in profits just about in line with expectations. Adverse foreign exchange movements were limited to a £2.5m impact on profits thanks to a switch to average rates—it would have been £1m worse if year-end rates had been used. Most of the decline was in printing inks in the UK and at Colonial in the US. Regional centres are being set up in the UK and local branches closed but the cost savings look small. Across the Atlantic more drastic measures look likely now that the emphasis is on management performance. In 1986 there is little prospect of Coates escaping from the profits plateau of recent years and forecasts are for £12.5m pre-tax. The tax take should be still be at the lower 42 per cent rate which produces a prospective multiple of 9 for the shares at 159p. This suggests that there is not much to go in the shares unless some of the lost margin of the last few years can be clawed back thanks to lower oil prices. Unfortunately Coates customers read newspapers as well.

Gabicci ahead to £330,000 and confident

Gabicci, a USM-quoted designer, importer and supplier of menswear, raised its first-half profits from £250,000 to £330,000 pre-tax and says growth in all areas is continuing.

The interim dividend is being stepped up by 0.1p to 1p net from earnings of 3.4p, up from 2.6p, per 5p share.

Turnover for the period, to December 19, 1985, pushed ahead from £2.7m to £4.32m.

The directors are confident that the results for the year will be satisfactory.

The Autumn season for 1985 represented the most successful season so far and the company's spring collection is selling well in over 2,000 retail outlets.

Good second half lifts Greenbank

Second-half taxable profits rose from £966,000 to £1.27m at Greenbank Group — formerly Greenbank Industrial Holdings—and lifted the full 1985 year's figure to £1.77m, compared with £1.4m. Turnover expanded by £3m to £15.9m over the 12 months.

Mr Jerson, chairman, says that with an order intake, last year, 31 per cent higher than in 1984, and with a much higher opening order book, prospects for the current year are encouraging.

After the year's tax charge of £685,000, against £586,000, earnings are given as 4.32p (3.24p) while the dividend is stepped up from 2.1p to 2.4p with a final payment of 1.5p.

APPOINTMENTS

BP company secretary

Mr Richard C. Grayson, assistant secretary, has been appointed company secretary of THE BRITISH PETROLEUM COMPANY. He succeeds Mr John Wedgbury, company secretary since 1979, who is retiring. Mr Grayson has been in the industry since 1970, when he joined Burmah Oil as deputy legal adviser and in 1972 was posted to Perth, Western Australia, as legal manager for the North West Shelf Consortium. Returning from there in 1975, he joined BP's legal department before being seconded to the Iran Consortium for 18 months. He returned to the company in 1979 as assistant secretary and, with the exception of one year spent in BP Oil International, held that post until his new appointment. He is a member of the CBI's companies committee and chairman of its working party on EEC company law.

★

Following the reorganisation of engineering and contracting operations at COSTAIN GROUP, the following appointments have been made: Mr J. E. Langford will undertake responsibility for the principal UK based contracting operations, other than the UK building division. Mr D. A. Anderson will become chairman of the UK building division, which is responsible for building activities in UK and Europe. Mr J. F. Reeve will devote the whole of his time to his responsibilities as British joint director-general of the Transmanche Link Joint venture for the construction of the Channel fixed link. Mr R. J. Boland will become chairman and chief executive of Costain Engineering which will also include the onshore engineering interests. Mr R. H. Samuel, the director responsible for dredging and UK-managed mining activities, will in addition control the scaffolding and concrete product interests of the group. Mr Samuel is also to set up a new central team to investigate prospective investment projects for the group. Mr A. J. Brimble will become chairman of Costain Projects and will have responsibility for co-ordinating all engineering and construction activities in the areas of marketing, business development and project systems. Group marketing director Mr J. B. H. Scanlon will assume responsibility for overall group strategic planning and public relations.

★

Mr Dale Sumner has joined the board of WHITTINGDALE, unit trust fund managers.

★

Group managing director and chief executive Mr Brian K. Fitton is to retire from executive office at BIRMID QUALCAST in August. He will remain on the board in a non-executive capacity and will continue as deputy chairman. Mr Fitton will be succeeded on August 25 as group managing director by Mr Peter J. Prateley who has been responsible for a number of years for running the group's home and garden equipment division.

★

Mr P. R. van Romunde has been made an executive director of HASLEMERE ESTATES, and is to work with Mr G. Powell as joint managing director. Four non-executive directors have also been appointed to the board Mr C. van Rijn, Mr M. Creasey, Mr R. van Singelandt and Mr C. van Lammeren.

★

ALWEN HOUGH JOHNSON (HOLDINGS) has appointed Mr A. S. Fox as director. Alwen Hough Johnson has appointed Mr D. J. Moss as a director.

★

Mr Richard Opperman will join the board of NOLTON on April 1 as an executive director. He will have responsibility for the management of Nolton Securities, the group's corporate finance, business broking and securities dealing company. He was a corporate finance director of Equity Finance Trust. He is, and will remain, a non-executive director of Crystalate Holdings.

★

BAIRSTOW EVES has made board following the merger with Hambros: Mr J. Bairstow and Mr J. H. W. Pooley have resigned; Mr C. H. Sporborg has been appointed chairman; and Mr J. M. Clay and Mr D. G. Lewis have been appointed directors.

★

Mr Alan G. Chandler has been appointed a director of SUPERDRUG STORES. He was an associate director in charge of store operation. Mr Bharat Chandaria (accounts and administration); Mr Ian C. G. Jones (estates); Mr Laurie J. Ling (buying and development); Mr Peter J. Maw (distribution and transport); Mr Brian A. Nicholls (store operations); and Mr Michael P. Travis (buying and promotions), have been appointed associate directors.

★

Mr Peter J. Head has joined FRIZZELL as divisional managing director of Frizzell International Non-Marine.

★

Mr Richard Watson has joined PRICE WATERHOUSE as a partner, and will specialise in VAT matters. He was a member of the Cabinet Office secretariat.

★

Mr N. L. Banszky, Mr J. L. Malthouse and Mr S. W. Oldfield have become partners of SCOTT GOFF LAYTON & CO, stockbrokers. Mr Banszky has been appointed head of the firm's corporate finance department. He was previously an assistant director in the corporate finance department of N. M. Rothschild & Sons, and most recently was responsible for corporate finance and new issues at Kitcat and & Aitken.

★

Mr Spencer Freeman-Haynes and Mr Graham Mansfield have joined the board of CURRENCY BROKERS INTERNATIONAL, a member of the Mayflower Group.

★

CONTROL TECHNIQUES has appointed Mr Michael Robins as finance director designate. He was assistant group financial controller with TI Group.

★

Mr J. M. Marriott, formerly county treasurer of the Greater Manchester Council, is joining the board of PHILLIPS & DREW FUND MANAGEMENT as a non-executive director from May 1.

★

Mr John Webb and Mr Ron Paterson have joined the board of KILLICK MARTIN. Mr Robin Member has retired.

BUSINESS LAW

British insurer a legal case against European barriers

By A. H. HERMANN, Legal Correspondent

IN THE big legal battle for the freedom of cross-border insurance services, the UK, the Netherlands and the EEC Commission are opposed in the European Court by Germany, France, Ireland, Denmark, Belgium and Italy. The second group is listed in order of importance as potential markets for British insurers.

The separate complaints brought by the Commission against Germany, France, Ireland and Denmark (Belgium and Italy merely supported them in court) were heard by the court for three days at the beginning of November. A fortnight ago, Sir Gordon Slynn, one of the court's Advocates-General, delivered his opinions.

He presented a strong legal argument in favour of his conclusion that the restrictions imposed by the defendant countries were not only contrary to the insurance directives of the Council, but also to Articles 59 and 60 of the EEC Treaty, requiring that restrictions on *freedom to provide services* within the Community should be progressively abolished during the transitional period.

The Advocate-General's task was a difficult one, not only because of the mountain of legal argument piled up by the defendant countries, but also because he was up against the *communautair* spirit generated by the majority of member states wishing to stop the penetration of the "common" market by British insurers. As a result, the insurance directives of the Council are in crucial points vague and ambiguous to the point of expressly leaving contested interpretations of earlier EEC law to the future case law of the European Court.

The inability or unwillingness of the Council of Ministers to agree that freedom of services should apply, even if it benefits a substantial UK business, raises a more general issue than the legalistic dispute over the interpretation of two Treaty articles and two Council directives.

The EEC institutions, going far beyond the call of duty imposed by the Treaty, protect French, German, Italian and Danish agriculture to such an extent that they provoke US retaliatory measures which will hit the UK with particular force, not to speak of the financial burden involved. The EEC has achieved removal of internal tariffs, the prime objective of Germany. But this has not led to a levelling out of prices and a number of measures adopted by the EEC institutions to protect parallel importers have had an adverse effect on British, Swiss and US producers—the most recent examples concern whisky and motor cars.

The UK is particularly interested in providing technological services but the protection afforded to patents and trademarks has been systematically eroded by the Commission and by the Court. The recent judgment in *Windsurfing* (case 193/83 FT Business Law Brief, March 1986) is a bad omen for the handling of the patent licensing regulation by the Commission.

The line taken by the Commission recently on selective distribution agreements protects the authorised dealers of German manufacturers against discount and cash-and-carry shops, whose chances as potential outlets for British suppliers, who are less well established on the Continent, are thus undermined.

If one adds to this a series of *Fisheries* decisions which opened British fishing grounds to trawlers from other member states without any compensating advantage, one can see that the Community legal establishment is heavily tilted against British economic interests. And that does not take into account ridiculous decisions such as that taken by the European Court in the case against the quality standards of the British Apple and Pear Development Council. The court ruled, in effect, that "thou shalt not produce better apples than Golden Delicious."

It is against this generally unfavourable background that one must consider the present attempt — the latest in a long series — to open up the *Common Market* for financial services of all sorts, including insurance.

The complaint brought by the Commission against all four defendant states concerns the level of thresholds under which these states do not allow co-insurance by insurers from other member states. The Commission considers these thresholds to be too high. Moreover, and possibly more importantly, the Commission complains that all these countries require that the insurers leading a co-insurance consortium should be authorised and established in the country where the risk is situated. In most of its complaints the Commission says that this is an infringement of the co-insurance regulation of 1978, but in that against France it speaks only of an infringement of the Articles 59 and 60 of the EEC Treaty.

In the case of Germany the Commission complains also that though German residents are allowed to place their risks with foreign insurers directly, no *German insurance broker* may help them to do so. Except for transport insurance, in order to canvass business in Germany insurers from other member states must have their local agencies or branches properly established and authorised in Germany.

Initially, the Commission was rather vague on the question of whether its complaints also concerned life insurance. Pressed by the court, it said that life insurance was part of the issue.

In legal terms, the co-insurance dispute rests on the interpretation of Article 2/1c of Directive 78/473. This reads: "For the purpose of covering this (co-insurance) risk the leading insurer is authorised *in accordance with the conditions laid down in the first co-ordination directive*. . . ." *This directive, number 73/239,* requires member states to subject to official authorisation both domestic insurers and branches or agencies of foreign EEC insurers. As Sir Gordon Slynn pointed out, this directive, however, deals with *establishment* and not with the provision of cross-border services.

In its minutes, the Council of Ministers emphasised that the adoption of Article 2/1 of the Co-insurance Regulation was without prejudice to the resolution of the dispute between the member states and the Commission on the interpretation of the court's judgment in *Van Binsbergen* (case 33/74), the leading case which opened cross-border services to accountants and other professionals.

According to the Commission, this judgement does not authorise member states to require insurers established in another member state to establish a branch or to obtain an authorisation in order to be able to do business. Most member states take the view that the judgment *allows such requirements*. The Council of Ministers said in its minutes that national provisions relating to the establishment of the leading insurers should be appraised on the basis of the Treaty, if necessary by the Court of Justice, in the last resort.

Faced with the task of saying something more positive, Sir Gordon Slynn concluded that the leading co-insurer should *not be subject to authorisation* and in no case should be required to establish a branch office in a territory where it might do business only occasionally; the high cost of establishment might shut him out altogether.

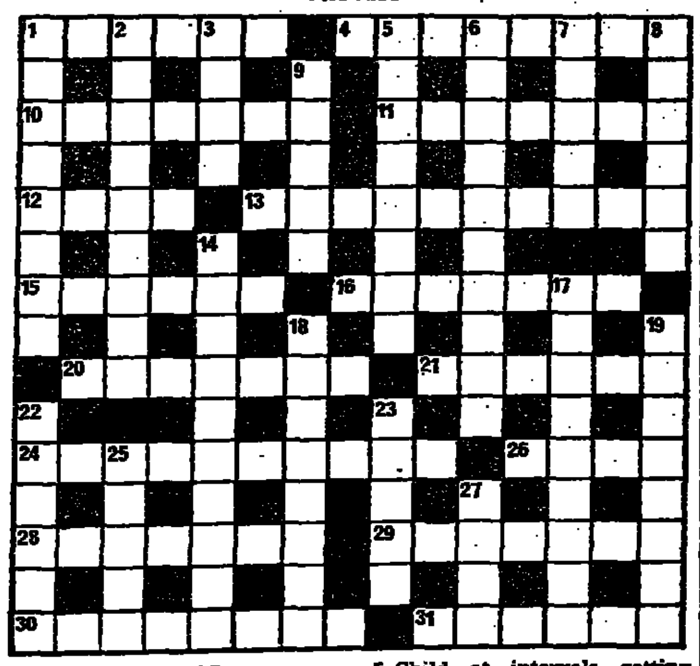
As to the high thresholds for co-insurance, he concluded that it was no business of the member states to fix such thresholds but only of the *Council of Ministers*. He added that the market would create its own thresholds as no one would *go to a consortium* (which might result in multiple litigation) when he could go to a single insurer.

Sir Gordon found no merit in arguments defending the German rule that brokers established in Germany might not arrange contracts with insurers established in another member state. This was not genuine consumer protection. On the contrary, a German national seeking insurance might be better off by using the services of a German broker with a command of foreign languages and capable of selecting the most suitable foreign insurer.

The other pseudo-legal arguments seemed to be collapsing under the force of the Advocate-General's Opinion. However, it will not be law but politics which will in the end decide the issue.

F.T. CROSSWORD PUZZLE No. 5,987

PROTEUS



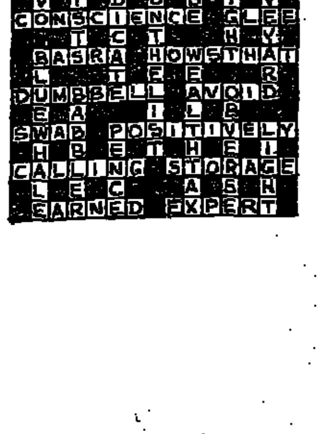
ACROSS

1 Bear witness to watching cricket match perhaps (6)
4 Record past find (8)
10 Put raincoat over pair shattered by drink (7)
11 Minor blemishes to politician without much money (7)
12 Dance to the drum (4)
13 Pin-up pictures cook might be proud of (10)
15 Awfully sad to see model twirling cigar (6)
16 School divisions masters needed to sort out (7)
20 Strikers good at raising game (7)
21 Tax on child's drink (6)
24 Fashion seen at assembly (10)
26 Hold on to defensive stronghold (4)
28 Sharp retort disturbing priest in love (7)
29 Girl reversing vehicle in one (7)
30 Way to get best out of most liberal-minded (8)
31 Try to get tart out of large bottle (6)

DOWN

1 Bill the clergyman found correct (8)
2 *Self-restrained* mood at tea perhaps (9)
3 Pre-eminent person with heavenly body (4)
5 Child at intervals getting advances on loan (8)
6 Efficiency in providing enough to live on (10)
7 Some animal livers turning up in house (5)
8 Part of meal for the more daring (6)
9 Mean to get drunk (5)
14 Upset at having lost hair? (10)
17 Speaking indistinctly make pronouncement about Chinese pottery (9)
18 Wastes food (8)
19 Clergyman choosing one month in series (8)
22 Blemish found by sailor on gem (6)
23 Makes benches (5)
25 Used up article on flower-circle (5)
27 Expressed in words by one's tailor alone (4)

Solution to Puzzle No. 5,986



CONTRACTS

£10m order for Welwyn

WELWYN ELECTRONIC SYSTEMS, *Blyth, has secured a* contract from IBM to build electronic analogue circuits for use in computer visual display units. The order is believed to be worth in the region of £10m. At least 3m components will be sourced, assembled and inter-connected each week.

*

The HIROSS GROUP has won a £2m order from the Turkish Postal Authorities to supply 400 close-control airconditioning units as part of a modernisation programme to give Turkey an advanced electronic telephone exchange system.

*

ATLAS COPCO has won an order from SIAB for a full-face tunnel boring system worth about £2.4m. The order comprises delivery of a tunnel boring machine as well as drilling equipment, compressors and a service contract. The equipment will be used to drive a 7 km long water discharge tunnel in a suburb of Stockholm. The Saltsjö, Kastellholmen. Work on the tunnel is expected to take 20 months to complete. With the full-face tunnel boring technique, the tunnel will be bored in a circular pattern with a diameter of 3.5 metres. Immediate advantages with this method include fewer problems with falling rock, no fracture zones caused by blasting and a minimum of disturbance and discomfort to surrounding buildings and installations.

*

Kellogg-JGC-Raymond, main contractor for the liquefied natural gas (LNG) plant at the North West Shelf project, has let a contract worth about $20m (£13.9m) for the supply of air-cooled heat exchangers. The contract was let to a joint venture of HEA (HEAT EXCHANGERS AUSTRALIA) PTY, GEA GMBH BOCHUM and TRANSFIELD (WA) PTY. The Australian companies HEA and Transfield are complemented by GEA Gmbh Bochum, a *German company,* whose air cooler technology is being used. It is expected that *more* than 50 per cent of the contract value will be sourced in Western Australia.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

American Majors	71.4	75.4	-0.9	1.12
Amer Tech & Genl Fd	106.9	114.4	-3.6	0.55
European Growth	29.3	31.4	+0.3	0.63
European Income	32.8	35.2	+0.1	5.00
Exempt	312.09	565.3		2.03
Intnl Growth Fd	26.1	27.9		0.13
International Income	58.0	62.1		4.96
Jap Tech & Genl	83.3	88.6	-1.1	0.01
Pacific Fund	145.2	155.3	-3.7	0.21
Secure Income Fd	173.9	186.1	+1.5	4.54
Small Co's Fd	37.2	39.8	+0.4	1.45
Special Sits	210.0	224.6	+3.0	2.19
UK General Fund	33.5	35.8	+0.8	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 031 225 2552

Income Units	260.0	278.6	+1.4	2.86
Accum. Units	287.7	305.3	+1.6	2.89

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031 226 3271

American Fund	221.4	235.8	-2.5	2.12
(Accum. Units)	248.6	264.5	-2.9	2.12
(Withdrawal Units)	160.3	170.7	-1.8	2.12
Australian Fund	121.1	129.0	-1.5	0.91
(Accum. Units)	122.4	130.4	-1.5	0.90
British Fund	574.3	611.8	+5.5	4.17
(Accum Units)	773.7	824.1	+7.5	4.17
European Fund	255.8	272.5	-1.3	0.90
(Accum. Units)	269.3	286.9	-1.4	0.90
Japan Fund	254.0	270.5	-4.2	0.39
(Accum Units)	255.3	271.9	-4.4	0.39
Smits PPP	157.2	165.5		

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	402.9	428.6	+4.2	2.05
North America	57.5	61.1	-1.0	1.28
Far East	63.8	67.9	-1.9	0.43

Sun Life Trust Mgmt. Ltd
107 Cheapside London EC2V 6DU 01-606 6010

American Growth Acc	31.3	33.3	-0.3	1.4
American Income Acc	30.6	32.6	-0.3	5.5
American Income Inc	30.6	32.5	-0.3	5.5
European Growth Acc	46.6	49.5	-0.1	0.8
Far East Growth Acc	36.3	38.6	-0.9	0.2
Int. Growth Acc	32.1	34.2	-0.3	2.0
Japan Growth Acc	45.8	48.8	-0.5	0.1
UK Growth Acc	36.5	38.9	+0.4	2.7
UK Income Acc	32.0	34.0	+0.3	5.3
UK Income Inc	31.3	33.3	+0.3	5.3
Managed Growth Acc	38.8	41.2	-0.8	2.2
Managed High Yield Inc	44.5	47.4	+0.5	7.0
Managed Income Inc	34.3	36.5	-0.3	3.4

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

TSB Unit Trusts (b) (c) (y)

3i Unit Trust Managers Ltd

Target Trust Mngrs. Ltd (a)(g)

Templeton Investment Management

Touche, Remnant Unit Trust Mngt Ltd

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Triton Fd Mngrs. Ltd.

Tyndall Managers Ltd(a)(b)(c)

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Windsor Trust Mngrs Ltd

Wright Seligman Fund Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)

Squirrel	10.36	10.91		-
Bear	11.25	11.85	-0.02	-
Owl	11.82	12.45	+0.08	-
Bull	12.36	13.02	-0.07	-
Stag	11.71	12.33	-0.03	-
Gilt-Edged	10.81			-
Deposit	9.55	10.05		-

Pension Funds (Accumulator Units)

Squirrel	10.89	11.47		-
Bear	12.06	12.70	-0.02	-
Owl	12.78	13.46	+0.10	-
Bull	13.61	14.33	-0.11	-
Stag	12.74	13.42	-0.05	-
Gilt Edged	10.77		-0.01	-
Deposit	9.60		+0.01	-

Exempt Approved

Mixed Managed	130.42	133.09	+0.53	-

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd Acc (2)	690.2	727.0		-
European Fd Accum (2)	184.6	194.3		-
Fixed Int Acc (2)	299.0	314.7		-
Gtd Money Fd Acc (2)	194.8	205.0		-
Intl Man Fd Acc (2)	285.3	300.4		-
Intl Fxd Int Fd Acc (2)	173.1	182.2		-
Japan Fund (2)	201.5	212.0		-
Nth American Fd Acc (2)	160.2	167.3		-
Prop Fd Acc (2)	197.8	208.2		-
Multiple Inv Acc (2)	486.1	511.7		-

Pension Funds

Eq Pen Fd Acc (2)	1233.0	1297.9		-
Euro Fd Acc (2)	229.2	241.3		-
Fixed Int Acc (2)	557.9	587.3		-
Gtd Money Pn Acc (2)	312.4	328.8		-
Intl Man Fd (2)	398.5	419.5		-
Jap Pen Fd Acc (2)	254.4	267.8		-
N Am Pn Fd Acc (2)	186.8	196.6		-
Property (2)	288.3	303.4		-
Multiple Inv Pen Acc (2)	892.5	939.4		-

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Ambassador Life Ass. Co. Ltd

Baltic Assurance Funds

Barclays Life Assur. Co. Ltd

Black Horse Life Ass. Co. Ltd

British National Life Assurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

Chase de Vere Investments Ltd

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD

Commercial Union Group
St Helen's, 1 Undershaft, London EC3

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

First Financial Services PLC

Framlington Life Assurance Ltd

Friends' Provident Life Office

GT Management Ltd

General Accident Linked Life Assurance(z)

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Ass. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration (z)

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

The LAS Group

Langham Life Assur. Co. Ltd

Legal & General (Unit Assur) Ltd

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London Life—Continued

London & Manchester Group

M & G Group

Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

MGM Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

NPI Pensions Management Ltd

Norwich Union Insurance Group

PBR Fund Management Ltd

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Ass. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Scotlink Life plc

Sharp (Albert E.) & Co.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 5E 0752 24141

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex subdivision. ☆ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV [illegible].

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied Lyons	28	Marks & Spencer	18
BAT	33	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowater	30	Reed Intl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadbury	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	15
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit Oil & Min	2½
Hanson Tst	15	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
Imps	29	Premier	[illegible]
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	63	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Clean air may cost US smelters $1bn

By Stefan Wagstyl

THE US copper industry has to invest $1bn in anti-pollution measures if it is to survive in its current form, according to Metals and Minerals Research Services.

In a report on the US copper industry, the London-based research company says that a number of companies will have to invest heavily to clean up the emissions at their smelters to meet the standards set by the Clean Air Act, which comes fully into force on January 1 1988. The industry has already spent more than $2bn on environmental improvements since the Act was passed in 1971.

However, despite the financial difficulties of the last four years, the US copper industry is determined to survive, says MMRS.

It suggests that the future of the industry lies between two extremes—on the one hand prices could remain depressed at some 70 cents a pound, and mine costs and smelter charges could remain unchanged. Then by 1990 mine capacity could fall to 1.34m tonnes a year and refined copper production capacity to 1.18m tonnes.

On the other hand, says MMRS, if copper prices rise to 80 cents a pound, labour costs fall and smelter charges rise, then mine capacity could be a healthy 1.65m tonnes a year and refined production capacity 1.37m tonnes.

MMRS believes the outcome will be somewhere between these two extremes. Copper prices could rise above 70 cents a pound and bottom-out at that level in future recessions, labour rates could fall by some 20 per cent in industry-wide pay talks currently under way and smelter charges could rise slowly.

The Fate of the US Copper Industry: National and World Implications. MMRS, 222-225 Strand, London WC2R 1BA.

Creditors closing in on International Tin Council

BY STEFAN WAGSTYL

CREDITOR BANKS and metal brokers are closing in on the International Tin Council, which precipitated the tin crisis last October by defaulting on gross debts of £900m.

Standard Chartered Bank, which is suing the council for just over £10.6m, is taking its case to the High Court next Wednesday. It will be pressing the court to give a judgment in its favour on the day.

Among the brokers of the London Metal Exchange, Maclaine Watson, a subsidiary of the Drexel Burnham Lambert financial house, has won an award for £3.25m against the ITC in a case heard under LME arbitration rules. This was only a partial victory for Maclaine Watson since the broker claimed a total of about £23m for the tin contracts it had with the council.

The arbitrators' award covered only margin payments on the contracts. The arbitrators decided that they could not order the council to pay the full amount of the contracts since the LME market had been suspended from October 24. Under arbitration rules they could not take into account the fixed price settlement and closure of the tin market on March 12 since this had occurred after the arbitration proceedings had started.

Maclaine Watson is now considering what to do next. But it is under some pressure to move quickly because of Standard Chartered Bank's action. The two companies are ahead of other creditors in a race to claim the tin council's free assets—which consist largely of a stockpile of some 1,700 tonnes of tin—worth just over £6m at current prices. The rest of the metal the ITC accumulated in its attempts to support tin prices was pledged as security to banks and brokers.

At least one other creditor is annoyed that the pursuit of the ITC could turn into an undignified scramble for these assets. Mr Malcolm London is a partner in Cork Gully, the accountancy firm, which is acting as the receiver for LME broker MMC Metals (now in liquidation), which has a claim against the tin council. He says the way the tin council is treating its creditors is "totally scandalous."

His firm has urged the ITC to appoint its own receiver so that its assets can be shared out equally. Alternatively, Cork Gully wants the UK Government, a member of the 22-nation council, to unilaterally waive its immunity from legal action, allowing the creditors to serve a winding-up petition.

Other creditors declined to comment publicly. But several took the view that whoever secured unencumbered tin first deserved to get it.

Bankers acknowledge that Standard Chartered is well placed because its loan documentation was better than most in that it specifically included clauses in which the tin council waived its immunity from legal action. "They were particularly prudent," said one banker.

Among other banks, Arab Banking Corporation, Banque Indosuez and the Bank of Nova Scotia have all served writs on the council. Kleinwort Benson, which lent £10m, has instructed its lawyers to start arbitration proceedings. It believes it is in a strong position because its loan documentation contains an arbitration clause.

On the LME, Amalgamated Metal Trading, J. H. Rayner (Mincing Lane) and Rudolf Wolff have started arbitration actions.

Sir Adam Ridley, a director of Hambros Bank and a spokesman for the creditor banks, has calculated that the total losses in the tin crisis could amount to £420m—£160m shared among banks, and £260m among metal traders. The banks face a capital loss of some £80m on the 40,000 tonnes of tin they held as collateral—assuming the tin can be sold at an average price of £4,500 a tonne. The broking companies, which also have some 40,000 tonnes of tin face capital losses of £180m, again assuming the tin can be sold at £4,500 a tonne.

On top of this both groups face interest costs—Sir Adam calculates that if the tin can be sold over four years and interest rates average 10 per cent then banks and brokers will together pay out another £160m.

But Sir Adam warns that the total sums claimed in law suits is likely to be much higher than £420m. Banks and brokers can be expected to claim the gross amounts owed to them, rather than their net losses. "The claims may offset one another in fact but each represents yet another tedious expedition to the courts, with its uncertainty and burden of costs," says Sir Adam.

Drought hits Indian tea production

By P. C. Mahanti in Calcutta

A PROLONGED drought in North India, hitting the main tea growing areas of Assam Valley, Dooars and Cachar, has adversely affected tea output in the first four months of the current year, according to the Tea Association of India.

The Association estimates the first four months' crop at only 45m kilos compared with 62m in the same months of last year. The 17m kilos drop amounts to a fall of 27 per cent.

The national crop in 1985 totalled a record 657m kilos, exceeding the year's target by 7m and showing a rise of 12m over that of 1984. The target for the current year is 670m kilos according to tentative figures from the Indian Ministry of Commerce.

EEC sugar decline forecast

BEET SUGAR production in the EEC Ten (excluding Spain and Portugal) for 1986-87 is expected to be about 6 per cent down from 1985-86 at 11.67m tonnes, according to this season's first estimate from the French sugar market intervention board (FIRS), reports Reuter from Paris.

Including the new Community members this brings the forecast total up to 12.54m tonnes.

A FIRS official said yesterday that the estimate was based on a small decline in planting intentions in EEC countries and expectations of much reduced yields. In 1985 the Ten's beet growers achieved an exceptional average yield of 7.23 tonnes per hectare. But FIRS expects this to be reduced to 6.93 tonnes per hectare in the current season.

The biggest yield reduction is expected in Denmark, where growers are forecast to average 6.4 tonnes per hectare, down from 7.16 tonnes in 1985. France's average yield is estimated at 7.95 tonnes against 8.39; West Germany's at 7 tonnes (7.55); Greece's at 7.35 tonnes (7.55); Britain's at 5.95 tonnes (6.06); and Belgium and Luxembourg's at 7.35 tonnes (7.54).

Increased yields are projected for Ireland, 5.35 tonnes (5.12); Italy, 5.7 tonnes (5.56); and the Netherlands, 7.4 tonnes (6.81).

Spain's yield is forecast at 4.8 tonnes per hectare and Portugal's at 5 tonnes.

France is forecast to lead the EEC beet sugar production league for 1986-87 with 3.46m tonnes (3.98m in 1985-86) followed by West Germany, 2.8m tonnes (3.13m); Italy, 1.43m tonnes (1.24m); Britain, 1.2m tonnes (1.21m); the Netherlands, 962,000 tonnes (898,000); Spain, 864,000 tonnes (no comparison); Belgium and Luxembourg 860,000 tonnes (943,000); Denmark, 467,000 tonnes (530,000); Greece, 309,000 tonnes (317,000); and Ireland, 187,000 tonnes (174,000). No individual figure is given for Portugal.

● Indian sugar production during the current crushing year (ending in October) is now estimated by industry officials at around 7m tonnes, up from 6m to 6.5m tonnes forecast earlier in the season, writes P. C. Mahanti from Calcutta.

The higher estimate is based on reports showing higher production trends in most major producing centres. Only Uttar Pradesh has registered a setback, reflecting cane growers' refusal to supply cane for some time because they were dissatisfied with the level at which prices were fixed.

The industry had two very lean seasons in the previous two years with output dropping to around 6m tonnes. This led to heavy imports, especially in 1984-85, in contrast to the preceding two seasons, which each yielded 8m tonnes and required India to export sugar so as to relieve over-supply on the domestic market.

The country may have to import some sugar this year to meet the continuing increase in domestic demand.

Boliden considers 'force majeure'

BOLIDEN, the Swedish mining and metals group, said it might declare *force majeure* on metal shipments if planned nationwide selective strikes go ahead on April 8, Reuter reports.

Shipments by subsidiaries Boliden Metall, Boliden Mineral and Boliden Ore and Metals would be affected, including copper and lead shipments from the Ronnskar port.

In the event of a strike, Boliden may not be able to fulfil scheduled deliveries, but hopefully this would only last a short time, the company told clients.

The real cost of 'green petrol'

A special correspondent looks at the EEC bioethanol debate in the light of the recent oil price slide

WITH OIL prices on the floor the prospects for bioethanol—fuel derived from agricultural crops—appear bleak.

Brazil, which pioneered the notion of "green petrol" and now uses alcohol derived from sugar cane for one fifth of its oil needs, is coming under increasing pressure from its international creditors to reduce government support for the hugely expensive Proalcohol programme.

Yet in the EEC debate about the future of bioethanol has never been more intense. Farm Commissioner Mr Frans Andriessen has warned that low oil prices are seriously undermining the idea, but his officials are already deeply committed to researching the feasibility of converting at least part of the Community's surplus grain, and possibly sugar beet, into fuel.

Last month the Commission issued a tender to international consultants for the most detailed study yet into the economics of bioethanol production. The consultants will have to report their findings in September.

And in the run-up to this year's farm price negotiations COPA, the umbrella organisation for the EEC farming unions, demanded a firm commitment from Brussels for a Community fuel-from-grain programme. COPA says action is needed as a matter of urgency.

Two factors have brought the isue to the forefront of the agricultural debate in the past year.

The first is the Commission's proposal to raise a 3 per cent co-responsibility levy on grain sold off farms from next season. Significantly this idea was first floated by the French cereal lobby. Their support for such a tax on production was conditional on the cash generated being used to develop alternative uses for grain—primarily bioethanol production. The money should be used both to help subsidise the product and to help establish a new generation of rural "grain refineries," the French growers argued.

The second factor was the decision by Community Environment Ministers in March last year to adopt a directive restricting the use of lead in petrol by 1989. Deprived of lead, oil companies will have to find other means of raising the octane rating of their petrol in future.

The addition of, say, 5 per cent of ethanol would be one solution. Technically, the product has considerable attractions as an octane enhancer.

But using ethanol as an additive is not the only answer. Three fossil fuel products—methanol, tertiary butyl alcohol and methyl tertiary butyl ether—*can also do a similar job, and* all are many times cheaper to produce than ethanol derived from grain or sugar beet. Furthermore, by investing in improved refining plant the oil companies may be able to boost petrol octane ratings without resorting to additives at all.

So while the lead-free petrol directive may have opened up a market for bioethanol, it is by no means an assured one.

Hence the need for urgent action, argues COPA. Failure to give the go ahead to a realistic Community programme of bioethanol production, which can offer the product at a competitive price within the next year, will mean the oil companies making other arrangements effectively excluding bioethanol.

The Community would have lost a once-in-a-lifetime opportunity to establish a new outlet for some of its surplus farm produce.

If all the premium gasoline consumed in the EEC were to be blended with 5 per cent of ethanol, to compensate for the loss of lead, a total of 15m tonnes of wheat would be required. That is equivalent to 10 per cent of total grain production.

The sheer cost of such a scheme, however, remains the chief stumbling block. Small scale plants in Germany and Sweden are already producing bioethanol, but at a totally uneconomic cost of around $1 a litre. Scaling up production—the optimal refinery size is reckoned to be 150m-litres-a-year—will bring down unit costs, but not by enough, according to the critics.

Figures produced last autumn by the Italian multinational Ferruzzi suggest that ethanol produced from wheat purchased at the EEC intervention price would cost around 62 cents a litre to manufacture. Its value to the oil industry, however, would be somewhat less than premium gasoline, which is worth only 13 cents a litre in today's depressed market.

Recognising that a subsidy is needed, the EEC has proposed that bioethanol be supported by making grain available at world prices. This would be done by giving a rebate equivalent to the weekly cereal export refund, which in recent years has averaged 25-30 per cent of the intervention price. This could reduce production costs by around 15 cents a litre. A further cost recovery would come from the spent grain. Each thousand litres of ethanol would yield just over a tonne of 30 per cent protein distillers dried grains with solubles (DDGs) as a by-product. This could be substituted for maize gluten feed, currently imported from the US, in animal feed rations.

But even after allowing for cut price grain supplies and by-product earnings, it is clear that bioethanol producers will still be faced with a yawning gap between their selling price and their production cost. In today's market it looks as though that gap could be 20 cents a litre.

Further hefty subsidies would clearly be required. The most obvious way of closing the gap would be duty reductions on petrol containing bioethanol. This method of indirect subsidy is already used in the US where a bioethanol programme has been in operation for some years.

The purely economic arguments are clearly stacked heavily against bioethanol in the EEC, given the depressed state of the market for competing petrol additives.

But as a "sweetener" to European farmers currently faced with draconian farm price proposals, it may yet have a role to play.

The French cereal producers are not alone in singing the praises of bioethanol. Germany's Farm Minister, Mr Ignaz Kiechle, the staunchest opponent of grain price cuts in last year's price talks, has also thrown his considerable weight behind the idea.

PLENTIFUL supplies available for immediate delivery, coupled with continuing slack roaster demand, kept coffee prices under pressure on the London futures market yesterday. The July position finished some £15 off the lows but still added £30.50 to Tuesday's £46.50 decline at £2,427.50 a tonne. In contrast cocoa futures registered further modest gains with the July position's £6 rise to £1,432.50 a tonne taking the week's cumulative advance to £15. Dealers said the rise was aided by the firmness of New York values and reports of nearby shortages of some Cameroun types. The recent upsurge in world sugar prices ran into selling yesterday and the London daily price was fixed in the morning $7 down at $206.50 a tonne. Further falls of around $5 were registered in nearby futures positions.

LME prices supplied by Amalgamated Metal Trading.

INDICES

FINANCIAL TIMES

April 2	April 1	M'th ago	Year ago
—*	—*	—*	295.22

(Base: July 1 1952=100)

REUTERS

April 1	Mar. 27	M'th ago	Year ago
1841.6	1812.6	—*	—*

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 31	Mar. 26	Month ago	Year ago
Spot	130.22	131.93	—	119.35
Fut.	130.75	131.55	—	122.95

(Base: December 31 1931=100)
* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated. ‡ Unquoted. † Per 75-lb flask. c Cents a Pound. v May. y April-May. z March-April. x April. w June.

	Apr. 2 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1505-525	—25	$1245-265
Copper			
Cash h Grade	£965.5	—9.0	£977.5
3 mths	£950.25	—8.0	£997.25
Gold Troy oz	$335.5	+6.75	$341.5
Lead Cash	£248.5	—8.0	£253
3 mths	£257.15	—1.25	£261.75
Nickel			
Free Mkt	176/196c		188-208c
Palladium oz	$102.25	—6.25	$107.00
Platinum oz	$405.50	—4.25	$404.25
Quicksilver†	$230-245		$230-240
Silver troy oz	347.65p	+6.50	388.70p
3 months	357.30p	—6.75	400.20p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$65.61		$62.78
Wolfram 22.04lb	$48-56		$56-63
Zinc	£446.25	+5.75	£440
3 months	£458.25	+4	£451.75
Producers	$650-670		$650-670
OILS			
Coconut (Phil)	$305y	—15	$260
Palm Malayan	$280w	—5	$242.5
SEEDS			
Copra Phil	$190x		$180
Soyabean (U.S.)	$158y		$182.1
GRAINS			
Barley Fut.Sept	£98.75	—0.25	£115.70
Maize	£142.5	—0.5	£143.5
Wheat Fut. July	£120.05	—0.3	£118.65
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1396.5	+7.0	£1486
Coffee Ft. May	£2557.5	—18.5	£2673.5
Cotton A Index	50.10c	—0.15	53.35c
Gas Oil May	$125.75	—15.5	$157.75
Rubber (kilo)	57.5p		58.5p
Sugar (raw)	$206.5	—7.0	$164.5
Wooltops 64s	411p kilo		416p kilo

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	799-800	—2.5	803
3 months	823-4	—3	835-831

Official closing (am): Cash 803-3.5 (809-10) three months 827.5-8 (835-6) settlement 803.5 (810). Final kerb close: 824.5-25. Turnover: 26,150 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	965-6	—9	976-973
3 months	990-90.5	—8	999.5-987

Official closing (am): Cash 975.5-6 (984-5) three months 999.5-1000 (1007-7.5) settlement 976 (985). Final kerb close: 988-89.

Cathodes			
Cash	962-5	—7.5	976
3 months	984-5	—8	

Official closing (am): Cash 977-8 (980-2) three months 993-5 (1002-4) settlement 978 (982). Turnover: 39,775 tonnes. US producer prices 69-76 cents per lb.

LEAD

	Unofficial + or close p.m. £ per tonne	+ or —	High/low
Cash	248-9	—2	249-248
3 months	257-7.5	—1.25	258-256

Official closing (am): Cash 249.5-50 (247-7.5) three months 258-8.5 (256-5.5) settlement 250 (247.5). Final kerb close: 256.5-7. Turnover: 12,100 tonnes. US Spot: 18-20 cents per lb.

NICKEL

	Unofficial close p.m. £ per month	+ or —	High/low
Cash	2700-15	+15	
3 months	2765-70		2775-2765

Official closing (am): Cash 2715-20 (2710-5) three months 2760-5 (2760-5) settlement 2720 (2715). Final kerb close: 2770-75. Turnover: 654 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Unavailable, last quoted March 21 at 15.70 ringgit per kg.

ZINC

High grade	Unofficial close p.m. £ per month	+ or —	High/low
Cash	448-8.5	+5.75	447
3 months	458-8.5	+4	462.5-456

Official closing (am): Cash 447-7.5 (445-5.5) three months 458.5-9 (457.5-8) settlement 447.5 (445.5). Final kerb close: 447.5-58. Turnover: 4,700 tonnes. US Prime Western: 30.50-35.75 cents per lb.

GOLD

Gold gained $6¾ to $335¼-335¾ on the London bullion market yesterday, buoyed by the rise in oil prices. The metal opened at $335-335¾, and was fixed at $335¼ in the morning and afternoon. Gold touched a high of $337¼-338 and a low of $334¼-334¾.

GOLD BULLION (fine ounce) April 2

Close	$335¼-335¾	(£227¼-227¾)
Opening	$335-335¾	(£227¼-228)
M'n'g fix	$335.50	(£227.544)
Aft'n'n fix	$335.50	(£226.278)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$338½-339	(£230-230½)
½ Krug.	$176½-177¼	(£120-120½)
¼ Krug.	$89½-90¼	(£60½-61½)
1/10 Krug.	$36½-37¼	(£24½-25¼)
Mapleleaf	$345-346½	(£235½-235½)
Angel	$346-348	(£235-236½)
1/10 Angel	$34-39	(£23-26½)
New Sov.	$80-80½	(£54¾-56½)
½ New Sov.	$46-48½	(£31½-32½)
Old Sov.	$87½-89	(£59½-60½)
$20 Eagle	$460-470	(£313-319½)
Noble Plat	$416½-421¼	(£283½-286½)

SILVER

Silver was fixed 6.5p an ounce lower for spot delivery in the London bullion market yesterday at 347.65p. US cent equivalents of the fixing levels were: spot 510.2c, down 8.3c; three-month 519.35c, down 8.4c; six-month 528.4c, down 8.75c; and 12-month 546.8c, down 9.2c. The metal opened at 344-345½p (507-508c) and closed at 347½-348½p (512-514c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficl	+ or —
Spot	347.65p	—6.50	346.75p	—8¼
3 months	357.30p	—6.75	356.50p	—8¼
6 months	365.80p	—6.95	—	
12 months	382.50p	—7.25	—	

LME—Turnover: 25 (0) lots of 10,000 ounces. Three months high 359p, low 353p. Final kerb 356-7p.

COCOA

In active trading futures recovered from weaker opening values to advance £13 at the highs and held the gains to a firm close. Although consumers were generally withdrawn some light producer interest was seen as starting strengthened, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1396-1399	+7.0	1405-1386
July	1432-1433	+6.0	1437-1418
Sep	1462-1465	+6.5	1467-1450
Dec	1503-1505	+5.5	1505-1485
March	1531-1533	+5.0	1533-1515
May	1545-1555	+2.5	1550-1545
July	1560-1580	+2.5	1568-1567

Sales: 3,762 (2,870) lots of 10 tonnes. ICCO indicator prices (US cents per pound). Daily price for April 2: 90.26 (90.04); five-day average for April 3: 91.00 (91.39).

COFFEE

Against a weak New York close the market opened lower this morning in light volume. Mixed trade and Commission House buying slowly lifted values to around an unchanged level. Without any fresh news values were sold in the closing session when mixed selling pushed levels back towards the lows of the day, the volume was poor throughout, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
May	2585-90	—18.5	2618-2565
July	2425-30	—30.5	2465-2410
Sep	2495-50	—25.5	2515-2465
Nov	2540-45	—27.0	2560-2510
Jan	2550-60	—30.0	2570
Mar	2590-25	+2.5	
May	2610-50	+5.0	

Sales: 3,133 (2,801) lots of 5 tonnes. ICO indicator prices (US cents per pound) for April 1: Comp. daily 1979 197.29 (204.35); 15-day average 202.72 (203.41).

POTATOES

Slow progress in plantings due to recent adverse weather lent further support to May position, which on good volume registered gains to close within 10p of highs. April was also stronger, although lacking liquidity and movement of May, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	106.00	104.40	106.40-104.50
May	128.70	124.70	128.90-125.00
Nov	84.60	85.30	84.60-84.00
Feb	92.50	91.50	92.00-91.90
Apr	108.50	106.70	108.00-106.00

Sales: 1,226 (1,628) lots of 40 tonnes.

Earlies—July 56.50 unchanged, Aug 75.00 unchanged, Sept 70.00 unchanged. Sales: 0 (13) lots of 10 tonnes.

RUBBER

PHYSICALS — The London market opened unchanged, drifted lower throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): Spot 57.50p (57.75p); May 55.50p (55.75p); June 56.00p (56.25p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 191.5 (192.0) and for SMR 20 184.0 (same).

MEAT

The average of all pigs price for the week ending March 29 was 98.15p per kg dw.

April beef expired on a quiet note in small volume. Pigmeat prices rallied due to fresh buying interest on forward months and short covering on spot April in light volume, reports Eastern Counties CCFT.

PIGMEAT Month	Y'days close	+ or —	BEEF Y'days close	+ or —
April	103.50	+.70	106.50	—16.50
May	104.00	+1.20	189.00	—
June	103.00	—	—	—
July	103.00	+.20	—	—
Aug	102.50	—	—	—
Sep	106.90	—.40	—	—

Pigmeat sales: 43 (8) lots of 50 carcases, 3,250 kg.

Beef sales: 51 (0) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 96.82p per kg lw (+1.95); GB—Sheep 202.48p per kg est dcw (+10.25); GB—Pigs 74.63p per kg lw (+1.58).

SOYABEAN MEAL

	Yesterday's close	+ or —	Business Done
	£ per tonne		
April	128.0-130.0	—0.8	133.0
June	125.5-126.0	—0.3	130.0
August	125.5-125.3	—0.3	126.0
October	126.0-126.5	+0.1	
Dec	128.2-128.7	+0.45	
Feb	130.0-131.0	—0.3	
April	130.0-151.6	—0.6	

Turnover: 25 (0) lots of 20 tonnes.

GRAINS

WHEAT Mnth	Yesterd'y close	+ or —	BARLEY Yest'rd'y close	+ or —
May	118.20	—0.35	115.70	—0.40
July	120.05	—0.30	—	—
Sept	102.80	—0.15	98.75	—0.25
Nov	105.55	—	102.00	—0.25
Jan	108.20	—	105.00	—0.25
Mar	109.65	—	108.50	—0.25

Business done—Wheat: May 118.50-8.15, July 120.15-0.10, Sept 102.80-2.65, Nov 105.60-5.55, Jan 108.60-8.55. Sales: 89 lots of 100 tonnes. Barley: May 115.70-5.75, Sept 98.90-8.75, Nov 102.10-1.95, Jan 105.00-4.95, Mar 108.50 only. Sales: 32 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent, May 127.00, June 126.25, transhipment east coast. US No 2 soft red winter June 96.00, July 93.00. EC first half April 130.50. English feed fob April/June 123.00, April 126.00 paid, Boston Jan/Mar 112.50. Maize: French April 120.00/121.00, May 122.00, Sept 102.50 seller, Oct/Dec 107.00/108.00, Jan/Mar 112.00/112.50, April/June 117.00/117.50. Maize: US No 3 yellow/French transhipment east coast April 142.50. Barley: English feed fob Aug 98.75, paid east coast April 117.00/117.50, May 118.25 (125.00) June 119.00, July/Aug 98.50, Aug 99.00, Sept 100.50, Oct/Dec 105.00, Jan/Mar 110.50 buyer. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed Wheat: Eastern 116.20, E. Midlands 115.50, N. Eastern 116.10. Feed Barley: N. Eastern 114.30, Scotland 112.00. The UK monetary coefficient for the week beginning Monday April 7, will change to 1.066.

Old crop markets eased on trade selling, with shipper to shipper exchanges on both new crop wheat and barley, reports T. G. Roddick.

FREIGHT FUTURES

Dry cargo opened with a slightly firmer tone this morning. However, as volume remained thin values slipped back to close at around unchanged on the day. Despite a further drastic fall in physical rates tanker volume remained thin and traders were nervous of following the market down, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	787/755	760/756	679/754
July	713/718	717/717	718/710
Oct	815/813	815/815	814/812
Jan	853/860	863/830	840/848
April	920/900		920/900
July	822/800		833/800
Oct	960/950		955/950
Jan	955/965		935/965
BFI	781.5		783.5

Turnover: 74 (211).

	Close	High/Low	Prev.
Tankers			
April	790/760	785/785	840/810
May	790/760	785/785	830/790
June	800/725		825/761
Sep	960/940	960/960	960/975
Dec	1000/950		1000/975
Mar	1000/950		—
BTI	867		869

Turnover: 56 (72).

SUGAR

LONDON DAILY PRICE—Raw sugar $206.5 (£140.0), down $7.00 (down £5.50) a tonne for April/May delivery. White sugar $216.5, down $7.00.

No. 6 Con-tract	Yesterday's close	Previous close	Business done
	$ per tonne F.O.B.		
May	195.6-195.8	200.8-201.2	200.0-192.8
Aug	189.6-190.0	197.4-197.8	197.0-189.0
Oct	195.6-196.2	202.0-202.6	201.6-195.0
Dec	202.0-204.0	208.0-210.0	—
Mar	205.4-205.6	210.0-210.4	209.6-203.8
May	209.0-211.0	213.0-214.0	212.0
Aug	212.0-215.0	217.0-218.0	—

Sales: 4,231 (4,191) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £245.0 (£251.5) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean port.) Prices for April 1: Daily price 6.87 (6.41); 15-day average 7.43 (7.11).

US MARKETS

Because of the temporary widening of the time gap between the US and Britain last night's New York and Chicago closing prices were not available for this edition. The prices shown here are as at the previous day's close.

OIL PRICES came under further heavy pressure as follow-through selling reflected fears expressed by an Opec minister at the weekend as sharply lower crude prices took the May position to below $10. Short covering nevertheless encouraged a rally later in the session. The precious metals were also adversely affected by the slump in oil prices, with losses incurred in early trading, although recent support levels were regained in sympathy with the crude oil recovery. Copper values sank on disappointment following the failure of the market to follow through on the upside after recent technical gains.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
April	57.65	—	—	57.55
May	—	57.80	56.55	57.40
June	57.95	—	—	57.85
July	—	58.15	55.95	57.75
Sept	56.90	—	—	58.05
Dec	—	58.10	58.10	58.50

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	18.74	18.75	18.43	18.62
July	19.24	19.25	18.93	19.14
Sept	19.72	19.72	19.43	19.57
Dec	20.15	20.15	19.94	20.05

COFFEE "C" 37,500 lb. cents/lb

	Close	High	Low	Prev
May	243.70	238.25	246.41	
July	242.25	248.75	241.75	251.71
Sept	249.45	252.55	249.45	256.45
Dec	252.25	255.50	252.21	258.31
March	255.00	200.00	255.00	261.00
May	258.00	201.00	258.00	265.00

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
April	65.10	—	—	65.85
May	64.50	66.30	64.10	66.15
June	65.00	—	—	66.45
July	65.55	66.75	65.10	66.70
Sept	65.90	67.15	65.15	67.10
Dec	66.65	67.70	65.60	67.60
Jan	68.00	—	—	67.76
March	—	—	—	—
May	67.75	67.75	67.75	68.30
July	67.60	68.40	67.60	68.60
Sept	67.90	68.40	67.90	68.80
Dec	—	—	—	69.30
Jan	68.75	—	—	69.45

COTTON 50,000 lb. cents/lb

	Close	High	Low	Prev
May	64.10	65.50	63.68	65.69
July	64.85	65.77	63.37	65.87
Oct	39.98	39.98	39.85	39.62
Dec	40.05	40.05	39.60	39.78
March	40.85	40.75	40.56	40.45

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Close	High	Low	Prev
May	10.37	10.62	9.75	10.42
June	—	11.00	9.95	10.43
July	—	11.19	10.15	10.79
August	11.00	11.30	10.30	10.97
Sept	11.40	11.40	10.60	11.15
Oct	—	11.60	11.80	11.33
Nov	11.60	11.52	11.01	11.51
Dec	12.10	12.50	11.20	11.69
Jan	—	11.90	11.90	11.74
Feb	11.60	12.00	11.35	11.79
March	11.80	11.70	11.70	11.84
April	—	—	—	—

GOLD 100 troy oz. $/troy oz

	Close	High	Low	Prev
April	331.8	334.5	328.0	331.1
May	334.2	—	—	332.7
June	336.2	337.8	330.8	335.8
August	338.1	341.3	335.5	338.5
Oct	343.5	343.5	337.3	341.7
Dec	345.2	347.5	341.0	345.1
Feb	350.0	350.0	347.5	349.0
April	353.0	353.0	347.7	352.4
June	357.3	357.5	354.5	356.0
Aug	358.6	359.0	356.5	359.8
Oct	363.2	363.2	361.0	363.8
Dec	367.5	368.0	367.0	368.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	High	Low	Prev
May	35.00	35.80	32.75	35.35
June	33.40	33.80	31.33	33.33
July	33.70	33.90	31.40	33.47
August	—	34.90	32.00	33.80
Sept	34.75	35.75	33.90	35.25
Oct	35.35	35.90	34.85	35.85
Nov	36.00	36.20	35.40	36.80
Dec	36.20	36.60	36.20	37.00
Jan	36.10	36.60	36.10	37.60

ORANGE JUICE 15,000 lb. cents/lb

	Close	High	Low	Prev
May	95.00	5.80	94.50	95.60
July	93.50	4.00	93.00	93.70
Sept	92.00	2.40	91.80	92.00
Nov	—	1.90	1.90	91.65
Jan	.80	1.10	.80	90.80
March	91.90	1.90	91.50	81.10
May	2.40	2.70	2.40	91.40
July	92.50	3.00	92.50	81.75

PLATINUM 50 troy oz. $/troy oz

	Close	High	Low	Prev
April	397.0	407.0	395.0	399.1
May	—	—	—	—
June	394.0	394.0	94.0	403.1
July	403.5	414.0	390.0	406.1
Oct	406.0	415.5	392.0	408.1
Jan	404.0	13.5	390.0	410.5
April	405.0	17.0	98.0	412.9

SILVER 5,000 troy oz. cents/troy oz

	Close	High	Low	Prev
April	11.5	11.5	1.0	513.0
May	511.0	525.0	499.0	516.5
June	516.0	25.0	8.0	519.8
July	516.5	531.0	506.0	523.1
Sept	522.0	536.0	511.0	529.5
Dec	534.0	549.0	517.0	539.5
Jan	—	39.4	39.4	542.9
March	—	—	—	—
May	547.5	60.0	542.0	556.2
July	554.8	66.0	546.0	563.1
Sept	565.5	77.0	543.0	570.1
Dec	575.8	83.0	570.0	580.8

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
May	8.92	9.25	8.85	9.18
July	9.10	9.26	8.90	9.22
Sept	9.20	9.20	8.96	9.22
Oct	9.11	9.26	8.95	9.22
Jan	9.18	9.18	9.18	9.32
March	9.41	9.50	9.20	9.43
May	9.55	9.65	9.40	9.60
July	9.71	9.74	9.70	9.72

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

	Close	High	Low	Prev
April	55.32	55.50	55.32	56.62
June	56.75	56.75	56.75	58.25
August	54.65	54.85	54.62	56.12
Oct	—	54.20	53.62	55.12
Dec	55.25	55.75	54.77	56.27
Feb	—	56.00	56.00	57.10
April	56.90	—	—	57.30

LIVE HOGS 30,000 lb. cents/lb

	Close	High	Low	Prev
April	41.00	41.35	39.90	40.25
June	44.25	44.25	42.85	43.82
July	44.20	44.30	43.05	43.82
August	43.10	43.37	42.00	42.47
Oct	—	40.37	39.40	40.42
Dec	42.20	42.47	41.35	41.77
Feb	43.60	43.60	42.10	42.77
April	40.80	40.70	—	39.90
June	43.22	43.22	42.90	42.40

MAIZE 5,000 bu min. cents/56-lb bushel

	Close	High	Low	Prev
May	231.4	236.4	233.4	234.6
July	232.0	232.2	228.4	230.2
Sept	213.2	213.2	210.6	212.4
Dec	207.4	207.4	204.2	205.2
March	216.2	216.2	213.0	214.4
May	220.2	220.2	217.4	219.0
July	220.4	220.6	218.4	219.4

PORK BELLIES 38,000 lb. cents/lb

	Close	High	Low	Prev
May	55.95	56.35	54.70	56.87
July	57.15	57.55	55.55	57.57
August	56.50	56.25	54.55	56.00
Feb	61.65	62.00	60.75	61.22
March	61.80	61.80	61.30	61.77
May	62.50	62.50	62.50	62.77

SOYABEANS 5,000 bu min. cents/60lb-bushel

	Close	High	Low	Prev
May	542.0	546.0	539.4	541.4
July	543.4	545.4	539.4	541.6
Aug	540.0	546.0	536.0	539.0
Sept	526.0	527.0	522.4	526.2
Nov	527.4	528.4	521.0	522.0
Jan	535.0	536.0	530.4	531.2
March	544.0	545.0	538.4	540.0
May	547.0	548.0	545.4	544.6

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	154.3	154.5	152.2	153.7
July	155.2	155.3	153.3	153.9
August	153.0	153.0	151.5	153.5
Sept	152.5	152.5	150.8	152.0
Oct	150.0	150.0	147.0	147.5
Dec	150.5	150.8	147.8	149.5
Jan	150.2	—	—	—
March	152.0	152.0	151.5	151.7

SOYABEAN OIL 60,000 lb. cents/lb

	Close	High	Low	Prev
May	18.30	18.38	18.03	18.22
July	18.55	18.56	18.23	18.30
Aug	18.80	18.80	18.50	18.55
Sept	19.35	19.35	19.20	19.55
Oct	19.35	19.35	19.25	19.45
Dec	19.70	19.70	19.45	19.85
Jan	19.95	19.95	19.80	19.90
March	20.00	20.15	19.95	20.07
March	20.00	—	—	20.00

WHEAT 5,000 bu min. cents/60 lb-bushel

	Close	High	Low	Prev
May	302.4	307.0	302.2	304.2
July	253.4	254.2	251.2	253.4
Sept	254.6	256.0	252.0	255.0
Dec	261.4	262.4	261.0	262.0
March	261.0	267.0	265.4	265.4

SPOT PRICES—Chicago loose lard 12.00 (same) cents per pound. Handy and Harman silver bullion 514.0 (512.0) cents per troy ounce.

PARIS—(FFr per tonne): May 1587/1600, Aug 1624/1625, Oct 1655/1662, Dec 1675/1695, Mar 1725/1740, May 1765/1785. Sales: 18.

OIL

Brent maintained overnight gains made in the US and strengthened further during the day. Upward pressure came from order, months and most trade were for June. The discount for forward months has narrowed. NYMEX WTI for May opened 35c up and traded 48c up at 12.30 pm EST. In the petroleum products market gas oil prices firmed in line with futures and on trade speculation. Heavy fuel trade was thin at softer levels—Petroleum Argus London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	
Arab Heavy	—	
Dubai	10.00-10.20	
Brent Blend	11.10-11.30	+0.90
W.T.I. (1 pm est)	11.50-11.60	+0.90
Forcados (Nigeria)	—	
Urals (cif NWE)	—	
PRODUCTS—North West Europe		
Prompt delivery cif ($ per tonne)		
Premium gasoline	157-161	
Gas Oil	141-143	+16
Heavy fuel oil	67-70	+6
Naphtha	109-111	+1

*May

Turnover: 0 lots of 1,000 barrels.

GAS OIL FUTURES

Month	Latest	+ or —	Business Done
	$ US per tonne		
April	144.00	+15.75	144.00-123.75
May	126.75	+15.5	128.00-15.75
June	122.00	+13.5	122.00-11.75
July	119.75	+15.25	119.00-14.75
Aug	121.00	+15.5	121.00-18.00
Sep	124.00	+15.75	124.00-24.00

Turnover: 4,858 (4,470) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index, $ a barrel. (Close, change, business done): Index, 9.73, +0.41; May, 10.50-11.50, u/c; July 10.60-12.30, u/c; Aug 11.00-12.40, u/c.

Clothing company to expand plant

CLOTHING company I. J. Dewhirst is almost doubling the size of one of its factories at Sunderland, Tyne and Wear—where unemployment is more than 22 per cent—and providing another 130 jobs.

CURRENCIES MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound strong

The dollar improved on the foreign exchanges yesterday, in trading dominated by technical considerations, as conviction grew that the dollar has found a platform of DM 2.20 against the D-mark, and is now set to test resistance points above DM 2.35. The fall of the dollar over the last six months, and the recent sharp decline in oil prices, has led to speculation that February's improvement in the very large US trade deficit, heralds a period of recovery, and that the economy will shrug off its disappointing performance seen in the first quarter of this year, during the second half. Against this background expectations of another cut in the US discount rate have tended to fade, while the dollar also gained support from the recovery in Treasury bond yields.

The dollar rose to DM 2.2750 from DM 2.2350; FFr 7.2950 from FFr 7.16; SFr 1.9625 from SFr 1.9475; and Y179.50 from Y177.90. On Bank of England figures the dollar's index rose to 119.9 from 118.9.

STERLING — Trading range against the dollar in 1986 is 1.5115 to 1.3770. March average 1.4681. Exchange rate index rose 0.7 to 76.5, compared with 79.8 six months ago.

Sterling kept pace with the dollar, gaining ground against other major currencies. A rise of over $1 in North Sea oil prices lent support to the pound, which was underpinned by the further strength of the London equity market and high interest rates. Sterling closed unchanged at $1.4715, but rose to DM 3.4950 from DM 3.4250; FFr 10.7350 from FFr 10.5350; SFr 2.8175 from SFr 2.8650; and Y264.25 from Y261.75.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1990. March average 2.2877. Exchange rate index 131.6 against 127.9 six months ago.

The D-mark lost ground to the dollar in Frankfurt yesterday, as dealers covered short dollar positions taken out ahead of the long Easter weekend, on speculation about a possible revaluation of the D-mark within the European Monetary System. The D-mark was also sold yesterday following a fall of 1.1 per cent in February German industrial production, partly reflecting the cold winter weather, but also increasing fears that the recent strength of the D-mark has led to a decline in German exports. Nervousness continued about a realignment of the EMS, as Common Market Finance Ministers prepare to meet this weekend in the Netherlands, leading to a sharp rise in Euro-French franc interest rates. At the Frankfurt fixing the dollar rose to DM 2.2875 from DM 2.2363, without intervention by the Bundesbank. At the close the US currency had improved to DM 2.27125 from DM 2.2315.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.75 to 175.00. March average 178.65. Exchange rate index 195.4 against 171.9 six months ago.

The yen traded in a very narrow range against the dollar, in a quiet Tokyo market. The trading range was Y178.35 to Y178.55, and the dollar closed unchanged at Y178.60. Reports of intervention on Tuesday by the Bank of Japan to support the dollar kept the market subdued. In spite of the reluctance of the Japanese authorities to allow the yen to rise recently, international pressure for a stronger yen is expected to increase, to correct Japan's trade surplus. Mr Yasuhiro Nakasone, Japanese Prime Minister, visits Washington this month, and a seven nation Summit meeting takes place in Tokyo next month.

£ IN NEW YORK

Close	April 2	Prev. close
£ Spot	$1.4690-4700	$1.4760-4770
1 month	0.60-0.57pm	0.58-0.57pm
3 months	1.47-1.42pm	1.45-1.42pm
12 months	5.90-5.80pm	5.20-5.70pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

April 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4650-1.4760	1.4710-1.4720	0.59-0.56c pm	4.60	1.49-1.45pm	4.00
Canada	2.0443-2.0525	2.0470-2.0500	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.1440-1.1520	1.1490-1.1500	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 72.25-72.35. Six-month forward dollar 2.34-2.29c pm. 12-month 3.90-3.75c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4650-1.4760	1.4710-1.4720	0.59-0.56c pm	4.60	1.49-1.45pm	4.00
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.10-48.20.

EXCHANGE CROSS RATES

Apr. 2	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.472	3.495	264.2	10.74	2.916	3.930	3567.	2.049	71.00
$	0.680	1.	2.375	179.2	7.295	1.983	2.672	1608.	1.392	48.25
DM	0.286	0.421	1.	75.61	3.072	0.835	1.125	677.5	0.586	20.31
YEN	3.785	5.566	13.23	1000.	40.63	11.04	14.88	8957.	7.752	268.7
F Fr.	0.932	1.371	3.256	246.2	10.	2.718	3.666	2206.	1.908	66.14
S Fr.	0.343	0.504	1.198	90.57	3.680	1.	1.349	811.3	0.702	24.34
H Fl.	0.254	0.374	0.888	67.15	2.728	0.741	1.	601.5	0.521	18.04
Lira	0.422	0.622	1.477	111.6	4.535	1.233	1.662	1000.	0.865	30.00
C $	0.488	0.718	1.706	129.0	5.240	1.424	1.921	1156.	1.	34.66
B Fr.	1.408	2.073	4.923	372.2	15.12	4.109	5.542	3334.	2.885	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

April 2	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅝-11⅞	11¾-11⅞	11 11/16-11 13/16	11⅝-11⅞	10 13/16-10 15/16	10 7/16-10 9/16
U.S. Dollar	7 1/16-7 3/16	7⅜-7½	7 5/16-7 7/16	7 3/16-7 5/16	7 1/16-7 3/16	7 1/16-7 3/16
Can Dollar	11-11½	11-11½	10⅜-10⅝	9⅞-10⅛	9⅜-9⅝	9⅛-9⅜
D Guilder	5 5/16-5 9/16	5 5/16-5½	5 7/16-5⅝	5⅜-5½	5 5/16-5 7/16	5 3/16-5 7/16
Sw. Franc	3⅝-3⅞	3¼-3½	4-4⅛	3 13/16-4 1/16	3⅞-4	3⅞-4
Deutschmrk	4⅛-4⅜	4 5/16-4 9/16	4 7/16-4 9/16	4 7/16-4 9/16	4 5/16-4 7/16	4⅜-4½
Fr. Franc	20-25	20-25	17⅞-18⅜	13¼-13¾	11¼-11¾	9¾-10¼
Italian Lire	14-16	16¾-18¾	16⅞-17⅞	15⅛-15⅞	14⅛-14⅝	13⅝-14⅛
B.Fr.(Fin)	10⅝-10⅞	10¼-10½	9¾-10	9⅝-9⅞	8¾-9	8⅛-8⅜
B.Fr.(Con)	22-28	25-31	16-17½	12-12¾	10¼-10¾	8¾-9¼
Yen	5 5/16-5 7/16	5 5/16-5 7/16	5 5/16-5½	5⅛-5⅜	4⅞-5	4 7/16-4 11/16
D. Krone	8¼-8¾	8¾-9¼	8¾-9¼	8-8½	8-8½	7¾-8¼
Asian $ (Sng)	7⅛-7½	7⅜-7½	7 5/16-7 7/16	7 3/16-7 5/16	7 1/16-7 3/16	7 1/16-7 3/16

Long-term Eurodollars: two years 7¼-7½ per cent; three years 7½-7¾ per cent; four years 7¾-8 per cent; five years 7⅞-8⅛ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

April 2	Bank of England Index	Morgan Guaranty Change %
Sterling	76.5	N/A
U.S. dollar	119.9	[illegible]
Canadian dollar	79.4	[illegible]
Austrian schilling	132.7	[illegible]
Belgian franc	92.4	[illegible]
Danish Kroner	93.5	[illegible]
Deutsche mark	131.6	[illegible]
Swiss franc	153.8	[illegible]
Guilder	124.0	[illegible]
French franc	70.5	[illegible]
Lira	48.4	[illegible]
Yen	195.4	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.77076	0.626835
U.S. $	7	1.13265	0.919950
Canadian $	10.44	[illegible]	[illegible]
Austria Sch	4	[illegible]	[illegible]
Belgian Fr	9	[illegible]	44.4538
Danish Kr	7	[illegible]	[illegible]
D'mark	3½	[illegible]	2.17704
Guilder	4½	[illegible]	2.45256
French Fr	9½	[illegible]	6.68566
Lira	14	[illegible]	1479.26
Yen	4	[illegible]	[illegible]
Norway Kr	8	[illegible]	[illegible]
Span'h Pta	—	[illegible]	[illegible]
Swedish Kr	8½	[illegible]	[illegible]
Swiss Fr	4	[illegible]	[illegible]
Greek Drch	20½	[illegible]	[illegible]
Irish Punt	—	[illegible]	0.718422

*CS/SDR rate for April 1: 1.58098

OTHER CURRENCIES

April 2	£	$
Arg'tina	1.1853-1.1865	0.8000-0.8010
Aus'alia	2.0350-2.0430	1.3895-1.3910
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
H'kong	[illegible]	[illegible]
Iran	120.35*	80.55*
Kuwait	[illegible]	[illegible]
Lux'burg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
N' Z'land	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sin'pore	[illegible]	[illegible]
S.Af. (Cm)	[illegible]	[illegible]
S.Af. (Fn)	[illegible]	[illegible]
U.A.E.	5.3890-5.3970	3.6715-3.6745

* Selling rate.

STERLING INDEX

	April 2	Previous
8.30 am	76.4	75.6
9.00 am	76.4	75.6
10.00 am	76.4	75.6
11.00 am	76.4	75.6
Noon	76.4	75.6
1.00 pm	76.4	75.6
2.00 pm	76.4	75.6
3.00 pm	76.4	75.7
4.00 pm	76.5	75.8

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.4538	−0.84	+0.98	±1.5425
Danish Krone	8.12857	8.02417	−1.28	+0.54	±1.6421
German D-mark	2.23840	2.17704	−2.74	−0.92	±1.1455
French Franc	6.86402	6.68566	−2.60	−0.78	±1.3654
Dutch Guilder	2.52208	2.45256	−2.76	−0.94	±1.5162
Irish Punt	0.724578	0.718422	−0.85	+0.97	±1.6673
Italian Lira	1520.60	1479.26	−2.72	−1.81	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

US bonds weaker

US bond prices fell sharply in the London International Financial Futures Exchange yesterday. This followed an overnight decline in Chicago where sentiment was influenced by higher oil prices after reports that the US administration was keen to take steps in order to stabilise oil prices. The weaker trend triggered stop loss selling and from an opening level of 101-10, the June Treasury bond dipped to a low of 100-13 before finishing at 100-21 still well down from Tuesday's close of 104-03.

Trading in the morning saw a few attempts at a rally but this was more a reflection of profit taking. Heavy selling resumed after the opening of Chicago although there was a little support at the day's lows.

Long gilt prices were dragged down by US bonds but found some comfort from a better performance by sterling which in turn revived flickering hopes of an early cut in clearing bank base rates. The long gilt price for June delivery opened at 127-23 down from 128-15 on Tuesday and touched a low of 126-18 before recovering to finish at 127-06.

Three-month sterling deposits for June delivery opened at 90.40, down from 90.42 on Tuesday and remained fairly steady for a while before falling quite sharply during the afternoon. Sterling's performance appeared to be the prime motivating factor as this was seen as a crucial factor behind the possibility of a cut in base rates. The June contract touched a low of 90.21 before recovering to 90.33.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
—	—	—	—	—	—	—	—	—

Estimated volume total: Calls —, Puts —
Previous day's open interest: Calls —, Puts —

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
—	—	—	—	—	—	—	—	—

Estimated volume total: Calls —, Puts —
Previous day's open interest: Calls —, Puts —

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	—	—	—	—	—	—	—	—
1.45	—	—	—	—	—	—	—	—
1.50	—	—	—	—	—	—	—	—

Estimated volume total: Calls —, Puts —
Previous day's open interest: Calls —, Puts —

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	22.30	22.30	—	—	—	0.15
1.30	—	—	17.30	17.30	—	—	0.20	0.75
1.35	12.30	12.30	12.30	12.70	0.10	0.45	0.85	1.15
1.40	7.40	7.55	7.70	9.10	0.20	1.05	1.90	2.20
1.45	2.85	4.00	4.90	6.20	0.70	2.65	3.80	5.95
1.50	0.60	2.00	2.60	4.10	3.45	5.60	6.60	8.95

Previous day's open interest: Calls 4,864, Puts 3,797
Volume: 180

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	—	—	—	—	—	—	1.70	—
1.45	—	—	4.25	—	—	—	—	—
1.50	0.50	1.60	2.45	3.70	—	—	—	—

Previous day's volume: Calls 55,518, Puts 42,726
Previous day's open interest: Calls 1,344, Puts 1,012

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
90.00	—	—	—	—	—	—	—	—
90.50	—	—	—	—	—	—	—	—
91.00	—	—	—	—	—	—	—	—
91.50	—	—	—	—	—	—	—	—
92.00	—	—	—	—	—	—	—	—
92.50	—	—	—	—	—	—	—	—
93.00	—	—	—	—	—	—	—	—

Volume: —
Previous day's open interest: Calls —, Puts —

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	100-15	101-07	100-10	101-24
Sept	99-24	100-11	99-18	101-04
Dec	99-04	99-20	99-00	100-16
March	98-18	98-28	98-18	99-29
June	97-30	98-06	97-30	99-11
Sept	—	—	—	—
Dec	97-05	97-07	97-05	98-10
March	96-23	96-28	96-23	97-27
June	—	—	—	97-13
Sept	—	—	—	—
Dec	—	—	—	96-20

US TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	94.02	94.03	93.99	94.06
Sept	94.12	94.14	94.09	94.16
Dec	94.10	94.11	94.07	94.13
March	93.97	93.97	93.94	94.00
June	93.84	93.86	93.81	93.87
Sept	93.73	93.73	93.72	93.76
Dec	93.63	93.62	93.59	93.66
March	93.54	93.54	93.54	93.58

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	93.31	93.31	93.30	93.36
Sept	93.28	—	93.28	93.34
Dec	93.27	—	93.27	93.28
March	—	—	—	93.10

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.97	93.00	92.94	93.03
Sept	93.00	93.01	92.95	93.04
Dec	92.94	92.95	92.90	92.98
March	92.78	92.80	92.76	92.81
June	92.62	92.65	92.62	92.66
Sept	92.47	92.50	92.45	92.51
Dec	92.34	92.36	92.32	92.37
March	92.22	92.23	92.20	92.25

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	127-06	127-24	126-18	128-15
Sept	127-19	127-25	127-23	128-28
Dec	127-17	—	—	128-26
March	127-13	—	—	128-22

Est. Volume — (—)
Previous day's open int. — (9,855)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
June	101-32	101-35	101-20	101-55

Est. Volume — (—)
Previous day's open int. — (897)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	90.33	90.40	90.21	90.42
Sept	90.82	90.84	90.70	90.87
Dec	91.03	91.02	90.95	91.09
March	91.12	91.14	91.07	91.17
June	91.10	91.07	91.07	91.15

Est. Volume — (—)
Previous day's open int. — (15,988)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	172.85	173.50	171.80	173.90
Sept	175.10	174.50	174.50	176.40
Dec	177.60	—	—	178.90

Est. Volume — (—)
Previous day's open int. — (1,447)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	92.98	93.07	92.97	93.11
Sept	93.01	93.09	92.99	93.16
Dec	92.95	93.04	92.94	93.08
March	92.79	92.90	92.79	92.94
June	92.65	92.71	92.71	92.78
Sept	92.50	—	—	92.63
Dec	92.35	—	—	92.49

Est. Volume — (—)
Previous day's open int. — (16,914)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	100-21	101-26	100-13	104-03
Sept	99-29	100-07	100-00	103-21
Dec	99-00	—	—	102-24

Est. Volume — (—)
Previous day's open int. — (5,422)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4715	1.4659	1.4568	1.4484	1.4333

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.4580	1.4590	1.4550	1.4580
Sept	1.4460	1.4490	1.4450	1.4490
Dec	1.4370	1.4370	1.4350	1.4390

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.4597	1.4605	1.4570	1.4593
Sept	1.4504	—	—	1.4492
Dec	1.4425	—	—	1.4410

Est. Volume — (—)
Previous day's open int. — (2,329)

MONEY MARKETS

UK rates show little change

Interest rates were barely changed in London yesterday in very lacklustre trading. Rates were easier where changed at the outset as sterling improved, helped by firmer oil prices but showed little change from Tuesday at the close with three-month interbank money quoted at 11 9/16-11 7/16 per cent unchanged from Tuesday and three-month sterling CDs finishing at 11 9/16-11 7/16 per cent compared with 11-11¼ per cent.

Overnight interbank money touched a high of 12 per cent before easing steadily to finish nearer 5 per cent.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £386m and the unwinding of previous sale and repurchase agreements a further £901m.

There was also a rise in the note circulation of £40m and banks brought forward balances £15m below target. These were partly offset by Exchequer transactions which added £645m.

The Bank of England gave assistance in the morning of £619m. This comprised purchases of £47m eligible bank bills in band 1 at 11⅜ per cent, £455m in band 2 at 11 5/16 per cent, £115m in band 3 at 11¼ per cent and £2m in band 4 at 11 3/16 per cent. Further help was given in the afternoon of £100m through outright purchases of eligible bank bills in band 2 at 11 5/16 per cent. Total help was £719m.

In Frankfurt the Bundesbank allocated DM 9bn of liquidity through its latest sale and repurchase facility due to be credited to commercial banks today. This was a little less than had been expected and well below maturing agreements worth DM 14bn. However banks are relatively well off after the end of the tax paying season and minimum reserve requirements are above target for the month. The latest sale and repurchase facility attracted bids of DM 18bn and a minimum rate of 4.35 per cent was accepted for the 34-day facility.

UK clearing banks base lending rates 11½ per cent since March 19

NEW YORK RATES
(Lunchtime)

Prime rate	9
Broker loan rate	8½
Fed funds	7 7/16
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.18
Two month	6.47
Three month	6.55
Six month	6.65
One year	6.71
Two year	6.97
Three year	7.10
Four year	7.20
Five year	7.33
Seven year	7.36
10 year	7.47
30 year	7.53

FT LONDON INTERBANK FIXING

(11.00 a.m. April 2)

Three months US dollars		Six months US dollars	
bid 7 3/16	offer 7 5/16	bid 7 1/16	offer 7 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

April 2	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	5-12	11½-12	11 11/16-11 13/16	11 9/16-11 11/16	10½-10 5/16	10⅛-10 5/16
Sterling CDs	—	—	11 11/16-11 9/16	11 9/16-11 7/16	10 9/16-10 7/16	9⅞-10
Local Authority Depos	11⅝-11⅞	11⅝-11⅞	11¾	11¼	10½	10⅛
Local Author'y Bonds	—	—	11⅞	11⅛	11⅛	10½
Discount Mkt Depos.	8-11½	11¾	11⅝	11	—	—
Company Depos	11-11⅞	11⅞-12	12	11½	—	—
Finance House Depos	—	—	11½	11⅛	10½	10¼
Treasury Bills (Buy)	—	—	11⅛	10¾	—	—
Bank Bills (Buy)	—	—	11 ⅛	10 27/32	9¾	—
Fine Trade Bills (Buy)	—	—	12	11½	10 7/16	—
Dollar CDs	—	—	7.20-7.25	7.10-7.15	7.05-7.10	7.25-7.30
SDR Linked Depos	—	—	7⅞-8⅛	7⅜-7⅝	7-7¼	6 13/16-7 1/16
ECU Depos	—	—	10 1/16-10 5/16	9½-9⅝	8¾-8⅞	8⅛-8¼

Treasury Bills (sell): one-month 11¼ per cent; three-months 10¾ per cent. Bank Bills (sell): one-month 11 13/32 per cent; three-months 10 27/32 per cent. Treasury Bills: Average tender rate of discount 10.7440 per cent. ECGD Fixed Finance Scheme IV reference date March 5 to April 1 (inclusive): 11.677 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from April 1 1986. Bank Deposit Rate for sums at seven days' notice 6½-6 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11¼ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10½ per cent from March 25. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 7 per cent.

MONEY RATES

April 2	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Inv'tin
Frankfurt	4.4-4.5	4.35-4.55	4.40-4.55	4.40-4.55	4.40-4.55	5.5
Paris	8⅝	8⅝-8½	8¼-8⅜	8¼-8⅜	8-8⅛	8¼
Zurich	7⅞-1⅛	4-4⅛	—	3⅞-4 1/16	—	—
Amsterdam	5⅛-5 7/16	5 7/16-5 7/16	—	5.28125	—	—
Tokyo	5.34375	5.21875	—	14⅝-15	—	—
Milan	15½-16¼	14⅞-15⅛	—	9⅝-9¾	—	—
Brussels	10-20	9¼ 9⅞	—	—	—	—
Dublin	14¾-15	15¼-15⅞	15¼-15½	14¾-14⅞	13¾-13	—

Company Notices

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at February 19 1986 (Table 5, Bank of England Quarterly Bulletin)**

£m

INDUSTRIAL DETAIL

All banks (amounts outstanding) (sterling and other currencies)		Total to UK residents	Agriculture, forestry and fishing	Oil and extraction of natural gas	Other energy industries	Water supply	Total manufacturing	Extraction of minerals and ores	Metal manufacturing	Mineral products
Loans and advances	1985 Nov. 20	154,919	5,821	2,784	1,198	505	21,726	604	947	797
	1986 Feb. 19	159,114	5,842	2,685	1,247	602	21,845	586	943	880
Acceptances	1985 Nov. 20	13,361	57	288	112	2	5,707	201	321	162
	1986 Feb. 19	13,969	127	306	140	1	5,493	188	205	204
Total	1985 Nov. 20	168,280	5,878	3,072	1,310	506	27,433	805	1,268	960
	1986 Feb. 19	173,083	5,969	2,991	1,386	602	27,338	774	1,147	1,084
of which in sterling	1985 Nov. 20	132,226	5,859	1,357	709	41	22,353	525	968	647
	1986 Feb. 19	135,191	5,931	1,354	660	73	22,246	468	867	698
Changes in total lending in three months ended:										
In sterling	1985 Nov. 20*	+4,258	+ 22	+139	−516	− 3	+535	+104	− 44	+33
	1986 Feb. 19‖	+2,965	+ 72	− 3	− 49	+32	−107	− 57	−101	+51
In other currencies†	1985 Nov. 20*	+ 628	− 3	− 55	−109	+74	+172	− 33	+ 23	+ 5
	1986 Feb. 19‖	+2,203	+ 19	− 62	+131	−69	+ 60	+ 29	− 17	+78
Group detail (total outstanding) (sterling and other currencies)			of which in sterling							
Retail banks	1985 Nov. 20	81,394	76,602	5,671	695	13	12,911	308	604	421
	1986 Feb. 19	83,445	78,588	5,638	593	20	13,250	265	571	451

All banks (amounts outstanding) (sterling and other currencies)		Chemical industry	Mechanical engineering	Electrical engineering	Motor vehicles	Other transport equipment‡	Other engineering and metal goods	Food, drink and tobacco	Textiles, leather, clothing and footwear	Other manufacturing
Loans and advances	1985 Nov. 20	1,524	1,886	2,759	586	1,352	1,721	3,411	1,529	4,610
	1986 Feb. 19	1,601	1,726	2,671	591	1,454	1,743	3,285	1,562	4,804
Acceptances	1985 Nov. 20	492	276	869	766	122	268	1,184	267	778
	1986 Feb. 19	572	275	812	838	112	202	1,176	218	690
Total	1985 Nov. 20	2,016	2,162	3,628	1,352	1,474	1,989	4,595	1,796	5,388
	1986 Feb. 19	2,174	2,001	3,483	1,429	1,566	1,944	4,461	1,780	5,494
of which in sterling	1985 Nov. 20	1,616	1,776	2,969	1,290	1,198	1,674	3,603	1,595	4,491
	1986 Feb. 19	1,711	1,752	2,781	1,384	1,313	1,622	3,622	1,561	4,467
Changes in total lending in three months ended:										
In sterling	1985 Nov. 20	− 48	+ 48	+164	+ 75	+144	− 61	− 67	+ 5	+181
	1986 Feb. 19	+ 95	− 24	−188	+ 94	+115	− 52	+ 19	− 34	− 24
In other currencies†	1985 Nov. 20	− 14	+ 42	+ 64	+ 25	+ 33	+ 5	+ 18	+ 17	− 13
	1986 Feb. 19	− 68	−135	+ 50	− 16	− 21	+ 10	−146	+ 20	+140
Group detail (total outstanding) (sterling and other currencies)										
Retail banks	1985 Nov. 20	738	1,145	1,568	567	773	1,246	1,959	1,072	2,510
	1986 Feb. 19	833	1,159	1,601	517	888	1,247	1,993	1,085	2,641

All banks (amounts outstanding) (sterling and other currencies)		Construction	Retail motor trades	Other retail distribution	Wholesale distribution	Hotels and catering	Air transport	Other transport	Postal services and telecommunications
Loans and advances	1985 Nov. 20	4,889	2,113	5,597	7,900	3,464	499	2,910	280
	1986 Feb. 19	5,292	2,349	5,421	8,052	3,562	508	2,937	257
Acceptances	1985 Nov. 20	185	132	1,024	2,072	83	3	97	59
	1986 Feb. 19	167	153	987	1,989	75	12	84	75
Total	1985 Nov. 20	5,074	2,246	6,621	9,973	3,548	502	3,007	339
	1986 Feb. 19	5,458	2,503	6,408	10,042	3,637	519	3,021	332
of which in sterling	1985 Nov. 20	4,614	2,185	6,347	5,438	3,087	259	2,097	177
	1986 Feb. 19	4,981	2,372	6,125	5,460	3,194	250	2,061	167
Changes in total lending in three months ended:		+ 87	+ 70	+464	+110	+245	+ 3	+123	+ 71
In sterling	1985 Nov. 20	+367	+187	−222	+ 22	+107	− 9	− 36	− 10
	1986 Feb. 19	+ 24	+ 5	+ 77	+322	+ 69	− 32	− 5	− 9
In other currencies†	1985 Nov. 20	+ 21	+ 71	+ 11	+ 90	− 14	+ 29	+ 59	+ 4
	1986 Feb. 19								
Group detail (total outstanding) (sterling and other currencies)									
Retail banks	1985 Nov. 20	3,699	1,460	4,645	2,775	2,278	135	1,287	62
	1986 Feb. 19	3,947	1,564	4,588	2,904	2,512	140	1,269	63

All banks (amounts outstanding) (sterling and other currencies)		Building societies§	Investment and unit trusts	Insurance companies and pension funds	Leasing companies	Other financial¶	Central and local government services	Property companies	Hiring of movables	Business and other services¶	Bridging finance for house purchase	Other house purchase	Other advances to persons
Loans and advances	1985 Nov. 20	2,064	3,379	2,343	5,881	15,916	2,132	7,100	688	14,624	832	20,167	20,103
	1986 Feb. 19	2,433	2,999	2,459	5,312	16,818	1,823	7,663	725	16,398	802	20,334	20,749
Acceptances	1985 Nov. 20	—	83	27	778	2,102	12	9	82	446	—	—	—
	1986 Feb. 19	2	98	31	1,074	2,581	20	11	103	441	—	—	—
Total	1985 Nov. 20	2,064	3,462	2,370	6,660	18,018	2,144	7,109	771	15,070	832	20,167	20,103
	1986 Feb. 19	2,434	3,098	2,490	6,386	19,399	1,843	7,674	828	16,839	802	20,334	20,749
of which in sterling	1985 Nov. 20	2,064	994	938	6,469	7,607	1,718	6,684	757	9,485	832	20,156	20,003
	1986 Feb. 19	2,434	984	1,137	6,151	8,722	1,449	7,150	800	9,758	802	20,318	20,613
Changes in total lending in three months ended:													
In sterling	1985 Nov. 20	+106	+283	+ 45	+ 70	−443	− 98	+432	+ 17	+188	+ 6	+1,381	+927
	1986 Feb. 19	+370	− 10	+199	−318	+1,115	−269	+466	+ 43	+273	− 30	+162	+610
In other currencies†	1985 Nov. 20	—	+427	− 65	− 16	−975	+ 39	+ 58	+ 2	+622	+ 1	+ 1	+ 4
	1986 Feb. 19	—	−335	− 66	+ 46	+368	− 28	+105	+ 15	+1,570	—	+ 6	+ 37
Group detail (total outstanding) (sterling and other currencies)													
Retail banks	1985 Nov. 20	205	1,203	968	1,850	1,697	580	3,263	302	6,698	798	12,886	15,104
	1986 Feb. 19	398	1,064	919	1,873	1,945	419	3,568	325	6,640	770	13,314	15,493

* Changes in the reporting population at mid-November accounted for some £40m (net) of the increase in total sterling lending and some £5m (net) of the increase in other currency lending.
† Adjusted for exchange rate effects.
‡ Includes lending under the DTI special scheme for domestic shipbuilding.
§ Includes sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.
¶ Includes secured money placed with money brokers and gilt-edged jobbers.
‖ Changes in the reporting population at mid-February reduced total sterling lending by some £50m (net): lending in other currency was unaffected.
** Comprises loans, advances and acceptances. Loans and advances include lending under the DTI special scheme for domestic shipbuilding, secured money placed with money brokers and gilt-edged jobbers and sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	95	Treas 3pc 1986	98	+ [illegible]	3.03	11.42
[illegible]	99	Exch 10½pc 1986	99		10.51	11.44
100	99	Treas 12pc 1986	100		12.00	11.45
99	98½	Treas 8¼pc 1984-86‡‡	99		8.56	11.05
102¼	100	Exch. 14pc 1986	102	−[illegible]	13.73	10.37
[illegible]	94	Exch 2½pc 1986	96	−[illegible]	2.60	8.55
102	100	Exch 13¼pc 1987	102	−[illegible]	12.93	9.94
100¾	97	Treas 10¼pcCv '87	100¼	−[illegible]	10.22	9.88
95	92	Exch 2½pc 1987	95	+[illegible]	2.63	8.16
100¾	97	Exch 10½pc 1987	100 xd	−[illegible]	10.44	9.90
97	93¾	Funding 6½pc '85-87‡‡	97 xd	−[illegible]	6.69	9.34
100	96	Treas 10pc 1987	100		9.98	9.79
93¾	90	Treas 3pc 1987	93¼	−[illegible]	3.21	8.45
103¼	99	Treas 12pc 1987	103 xd	−[illegible]	11.63	9.78
97	93	Treas 7¾pc 1985-88‡‡	97½	−[illegible]	7.97	9.41
101	96	Exch 10½pc '88	101	−[illegible]	10.34	9.66
100	95	Treas 9½pc Cv '88	100	−[illegible]	9.72	9.50
90	86	Transport 3pc '78-88	90	−[illegible]	3.33	7.95
99	93	Treas 9½pc '88	99 xd	−[illegible]	9.53	9.65
104	98	Treas 11½pc 1989	104	−[illegible]	10.99	9.59
101	93	Treas 9½pc Cnv '89	100 xd	−[illegible]	9.44	9.24
86	82	Treas 5pc 1989	86	+[illegible]	3.46	7.85
102	95	Treas 10½pc 1989	102	−[illegible]	10.25	9.58
101	94	Exch 10pc 1989	101	−[illegible]	9.89	9.59
104	97	Exch 11pc 1989	104	−[illegible]	10.55	9.50
89	84	Treas 5pc 1986-89	89 xd	−[illegible]	5.58	8.46
108	94	Exch 10¼pcCv '89	103	−[illegible]	9.46	7.54
111	103	Treas 13pc 1990‡‡	111½	−[illegible]	11.67	9.34
105	97	Exch 11pc 1990‡‡	105	−[illegible]	10.44	9.29
110	101	Exch 12½pc 1990	110	−[illegible]	11.33	9.33

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
42	29	Anglo Utd Dev..	29		d1 05	♦	5.2
80	50	♥Colby Res Corp	50		—	—	—
300	200	Cons. Murch 10c	200		1008½c	3.9	‡
34	28	✣Ennex Int Ir10p	32		—	—	—
101	70	Greenwich Res	90		—	—	—
143	113	Hampton Areas 10p	113		3 75	0.9	4.5
245	165	♥Highwood Res	230	−5	—	—	—
£19⅞	£15⅞	Homestake Mining $1	£15⅞		Q20c	—	0.9
310	185	♥McFinley Red Lake	200	−20	—	—	—
285	210	♥Mount Explorations	220	+5	—	—	—
51	40	♥New Sabina Res C$1	49	−2	—	—	—
260	210	Northgate C$1	220	−10	—	—	—
765	513	RTZ	713		†20 0	2.8	4 0
£164	£135	Do 9½pcLn '95-2000	£150½	−1½	Q9½%	14.0	F6 4
950	800	♥Tara Expln $1	884		—	—	—

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

INSURANCES

PROPERTY

LEISURE

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∅ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	105		Fin 13% 97/02	£122	+1¼
Craig & Rose £1	£13		Arnotts	350	
Finlay Pkg. 5p	47		CPI Hldgs.	65	
Holt (Jos) 25p	770		Carroll Inds.	182	+2
IoM Stm. £1	77		Dublin Gas	45	−15
IRISH			Hall (R. & H.)	64	−3
Fund 11¼% 1988	£101¼xd	+¼	Heiton Hldgs.	28	−2
Nat. 9¾% 84/89	£99¼	+⅛	Irish Ropes	67	+7
			Unidare	175	

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(International Edition Page 38)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities race higher to record levels but Gilts lose momentum

Another good equity market performance, the fourth in a row, swept the two main indices past last month's all-time high points and on to fresh records yesterday. The FT-SE 100 share index completed a further chapter in its short history breaking through 1700 for the first time to close 18.9 up at a best-ever 1702.9, while its long-established sister index, the FT Ordinary share, recorded a gain of 17.2 to a peak of 1419.4, after initially falling to 1395.4.

In numerous instances, prices were chased higher until brokers had fulfilled their clients' buying orders. Jobbers' short book positions were constantly aggravated and attempts to rectify the situation only accelerated the upsurge in values. The early market scene, however, was one of complete contrast.

Wall Street's sharp decline overnight was expected to curb enthusiasm and caused dealers to open prices lower. This prompted some nervous short-term holders to part with stock but the sales were rarely in any volume. When an oversold market in oil shares quickly showed signs of improving, many other equity sectors followed. Crude oil prices rallied after Tuesday's drop but settled below the best levels.

Gilt-edged securities succumbed to profit-taking after the recent bout of strength. The overnight trend in the US bond market—where longer issues gave up big early gains to close only marginally higher — signalled a more cautious approach to international bonds and the London market was no exception. Sterling moved higher against most European currencies but potential buyers would not be tempted and prices drifted back from Tuesday's enhanced late levels to end with losses stretching to ½.

GRE dip and rally

Guardian Royal Exchange slumped to 838p on news of the sharp annual profits contraction to a meagre £3.5m, but rallied strongly following reassuring remarks made later at an analysts meeting to close a net 28 higher on balance at 878p. Meanwhile, fellow Composite Insurer **Sun Alliance** responded to better-than-expected preliminary profits at £37.7m—brokers' estimates had ranged between £23m and £30m—with a rise of 29 to 716p. **General Accident** advanced 15 to 918p and **Commercial Union** firmed 5 to 308p in sympathy. Elsewhere, **Sun Life's** results were well received and the shares closed 17 dearer at 889p, while **London and Manchester** ended 9 up at 879p after the satisfactory preliminary statement.

Home banks turned dull in sympathy with the current uncertainty revailing in the US over energy loan portfolios at the major banks. **NatWest** dropped to 905p before closing 13 lower on balance at 915p, while **Barclays** lost 10 to 553p, after 545p, and **Lloyds** ended a similar amount easier at 652p, after 647p.

Vaux Breweries, up 15 more at 465p, continued to reflect talk of a bid from Pleasurama.

Leading Buildings closed with modest gains having been a shade easier at the outset. **Blue Circle** finished 3 dearer at 671p, while **RMC** rose 14 to 636p. **Tarmac** edged up a couple of pence to 508p and **Redland** added 3 to 475p. **AMEC** touched 275p prior to closing 4 higher at 271p following annual profits in line with market estimates and a maintained dividend, but **SGB**, a strong market recently on takeover speculation, encountered profit-taking in the absence of any developments and closed 4 cheaper at 366p. Elsewhere, **Blockleys** gained 15 to 930p in reply to the good annual results, while **Ibstock Johnsen** put on 6 to 186p in anticipation of today's preliminary figures. **Baggeridge Brick** were a firm market at 374p, up 16, and **British Dredging** jumped 13 to 84p in response to favourable Press comment.

ICI slipped to 942p initially on Wall Street influence, but picked up in the absence of selling to close a penny dearer on balance at 952p. **Laporte** attracted support and firmed 5 to 400p, while **Foseco** put on 8 to 290p as bid rumours revived. Elsewhere, profit-taking in the wake of the slightly better-than-expected annual results left **Coates Brothers A** 5 cheaper at 137p.

Stores Buoyant

Leading Stores were in the vanguard of the equity market's fresh upsurge as reports that the volume of retail spending remains buoyant attracted renewed institutional funds to the sector. Price improvements were again accentuated by stock shortages and **GUS A**, recently the subject of enfranchisement and merger speculation, advanced ¼ more to £10½, while **Dixons** put on 16 to 370p and **Marks and Spencer** added 7 at 225p. Awaiting today's interim results, **Burton** moved up 6 further to 348p, while **Laura Ashley** gained 4 to 222p. Takeover chatter continued to help **Sears**, which added 4 more at 146p. Elsewhere, **Executex** reflected the trebled annual profits and return to the dividend list with a jump of 17 to 112p, while favourable trading news also prompted a rise of 12 to 142p in **Gabicci** and an improvement of 6 to 89p in **A. G. Stanley**. **Ward White** jumped 22 to 322p following an investment seminar in Scotland and **Etam** rose 10 to 268p on news of a property acquisition. **Empire (Bradford)** advanced 12 to 182p in anticipation of today's annual results, while **Freemans** gained 10 to 428p and **Grattan** added 12 to 434p in sympathy. **Next** firmed 9 to 281p; the interim results are scheduled for next Tuesday. Among Shoes, **Stylo** rose 18 more for a two-day Press-inspired gain of 38 at 273p.

Leading Electricals ended on a firm note, with **British Telecom** a particularly good market again at 278p, up 10. **GEC** improved 6 to 202p and **Plessey** 4 to 216p. Elsewhere, demand persisted for high flier **Amstrad** which moved up 22 more to 450p. **VG Instruments** were good at 445p, up 27, along with **Oxford Instruments** which gained 16 to 496p. Revived demand lifted **SCUSA** 13 to 147p. **Britannia Securities** touched 126p following the interim results before settling 11 higher on the day at 118p, while **Dewhurst 'A,'** partly reflecting option demand, rose 8 to 51p.

Engineers provided several noteworthy movements, but interest was at a relatively low level. Continued demand in a market none too well supplied with stock left **Vickers** 20 higher at 513p, while **GKN** edged up 7 to 378p. Outside of the leaders **Weir Group** met with further demand awaiting today's preliminary figures and put on 9 more to 121p; the rise was also accompanied by talk of a bid from F. H. Tomkins. **British Steam** stood out with a gain of 18 at 216p, while demand from the provinces left **Hampson Indsutries** 4½ better at 37½. Occasional buying lifted **Laird Group** 10 to 318p.

Persistent demand in a market short of stock lifted **Associated British Foods** 12 further to 358p, while **Ranks Hovis McDougall** gained 5 to 223p. Elsewhere in the Food sector, **Tate and Lyle** hardened 5 more to 643p, and late demand left **Hillsdown Holdings** 8 up to 268p. **Avana** touched 550p prior to closing 5 dearer on balance at 544p, but **Unigate** softened a couple of pence to 290p. Among Food Retailers, **Tesco** were supported and rose 8 to 370p.

The Secretary of State for Trade and Industry's decision not to refer the proposed acquisition of Home Charm to the Monopolies Commission prompted fresh support for **Ladbroke** which gained 9 more to 387p: **Home Charm** advanced 18 to 378p.

A. B. Ports up again

Associated British Ports remained in the limelight following the good annual results and proposed one-for-one scrip issue, advancing 65 more to close around the day's best at 625p. **Williams Holdings**, up 61 at 671p, were also a strong feature following the proposal to acquire **Fairey Engineering** from Pearson; the latter eased 6 to 497p. **Scottish Heritable Trust** responded to the preliminary figures with a rise of 10 at 154p, but lower annual profits left **Christies International** 13 down at 313p. **British Aerospace** were supported at 583p, up 18, along with **Fisons**, 25 dearer at 618p, and **Cookson**, 17 to the good at 540p. **F. H. Tomkins**, still reflecting expansion hopes, advanced 25 further to 263p. Trading statements left **Magnolia Group** a couple of pence firmer at 98p and **MY Dart** 3 better at 46p. Bid suggestions left **Mersey Crucible** 13 higher at 261p, while a flurry of speculative activity lifted **Falcon** 5 to 31p. Among the miscellaneous industrial leaders, **BOC** were particularly good at 376p, up 11, while demand continued for **Reckitt and Colman**, 12 higher at 836p, in front of today's preliminary statement. **Hanson Trust** rose 5 to 185p and **Trafalgar House** put on a similar amount to 320p.

The Leisure sector displayed several noteworthy gains. **Brent Walker** continued to attract buyers and rose 8 more to 143p, while **Zetters** firmed 4 afresh to 176p. **Barr and Wallace Arnold Trust A** revived with an improvement of 5 at 103p; the annual results are due on April 30.

T. Cowie continued firmly in Motors with a fresh gain of 9 at 186p.

Good Relations attracted revived speculative support and closed 17 higher at 145p. The good results from **Smal** had already been well discounted, but news of the proposed 200 per cent scrip-issue helped the shares improve 5 further at 660p.

The Property leaders were little changed, but secondary issues continued to make useful progress. **Regalian** were again well to the fore and closed 35 higher at 545p. **London and Edinburgh** rose 10 afresh to 710p, while **Speyhawk** advanced 15 to 430p. Buying in a restricted market lifted **Tops Estates** 40 to 385p. **Greycoat** were quoted at 246p ex rights, up 6, with the new nil paid shares at 40p premium. **Phoenix Property** put on 4 to 77p on speculative interest.

Courtaulds were again outstanding in Textiles, jumping 14 to a new peak of 313p as investors found stock in short supply. Elsewhere, speculative improvements of around 10 were seen in **John Foster**, 102p, and **Gaskell Broadloom**, 107p.

Tobaccos moved higher with the general trend. **Imps** gained 7 to 356p, after 358p, on the bid situation.

Mercantile House, encouraged by the third-quarter profits recovery at Oppenheimer, gained 14 at 322p. Elsewhere in Financial Trusts, **Argyle** moved up 8 to 67p in reply to speculative support.

Oils move ahead

An initial mark down of the leading oil proved a short-lived affair as buyers chased share prices higher following a good rally in crude oil prices. The latter responded to statements from American Vice-Presidnet Bush and Energy Secretary Herrington that the US preferred stable oil prices and that they had fallen far enough. The burst of buying interest found the market short of stock and share prices improved strongly before coming off the top in after-hours trading. The sector was additionally boosted by takeover speculation, prompted by news the IEP Securities, controlled by New Zealand entrepreneur Mr Ron Brierley, had built up a 6.45 per cent stake in **Ultramar**; Ultramar shares, up 7½ on Tuesday, rose 4 more to 190p, after 183p. **BP** rallied from an opening level to 545p to touch 560p prior to closing unchanged on balance at 555p, while **Shell** settled 10 better at 765p, after extremes of 748p and 775p. Annual results in line with market forecasts helped **Enterprise Oil** improve 5 to 142p, while **Britoil** moved up 8 to 178p. Bid rumours lifted **IC Gas** 20 to 390p.

Talk of a possible bid from Lonrho sparked off buying of **Inchape** which touched 409p before closing 5 dearer on balance at 390p. **Harrisons and Crosfield**, meanwhile, rose 25 to 385p, after 387p, as investors found stock in short supply.

A rally by oil prices brought about a measure of stability to the bullion price—which improved to close a net $6.75 firmer at $335.5 an ounce—and prompted a minor recovery by South African sectors of mining markets. Golds edged higher from the outset, with overseas support—mainly from Switzerland and Johannesburg—directed towards the top quality issues.

Having lost around 32 points over the previous five trading days the Gold Mines index improved 2.7 to 282.6.

In the leading golds **Vaal Reefs**, eagerly sought by Cape and Swiss dealers, rose a point to £46¼, while **Winkelhaak** added a similar amount at £11½ and **"Amgold"** put on £1¼ at £47½.

The Cornish tin producer **Geevor** remained thoroughly depressed and dipped 8 more to a 1986 low of 45p—a two-day decline of 12—on further consideration of Tuesday's decision by the board to suspend mining operations and lay off the majority of its workers from next Monday.

Business in Traded Options expanded considerably and turnover was back to the buoyant pre-Easter levels. Total contracts struck rose sharply to 22,778.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4

Money was given for the call of Pavion, STC, Amstrad, Raine Industries, Dewhurst A, Gibbs and Dandy, Berkeley and Hay Hill, Pict Petroleum, Geo. Wimpey, Stainless Metalcraft, Philips Lamps, Norfolk Capital, Scottish and Newcastle, Birmid, Regalian, Ransomes Sims, Boots, Sheraton Securities, GKN, SGB and John Crowther. A put was arranged in Britoil, while a double option was completed in Carless Capel.

FINANCIAL TIMES STOCK INDICES

	April 2	April 1	Mar. 27	Mar. 26	Mar. 25	Mar. 24	year ago
Government Secs	92.34	92.55	91.87	91.12	90.16	91.37	80.85
Fixed Interest	96.25	96.09	96.50	94.86	94.35	95.11	85.45
Ordinary ♥	1419.4	1402.2	1390.0	1380.4	1364.7	1394.6	955.5
Gold Mines	282.6	279.9	286.9	291.9	306.4	309.4	514.4
Ord. Div. Yield	3.79	3.87	3.90	3.95	3.97	3.88	4.74
Earnings, Yld. % (full)	9.14	9.26	9.34	9.31	9.42	9.24	11.89
P/E Ratio (net) (*)	13.43	13.26	13.27	13.34	13.17	13.43	10.35
Total bargains (Est.)	37,907	40,426	40,000	38,410	38,401	43,770	26,906
Equity turnover £m.	—	1,591.01	824.44	937.42	699.57	780.89	390.51
Equity bargains	—	38,119	42,981	45,526	39,236	40,896	27,660
Shares traded (ml)	—	284.9	376.9	414.1	303.9	322.5	191.6

♥ 10 am 1397.7. 11 am 1403.2. Noon 1412.1. 1 pm 1415.3. 2 pm 1416.7. 3 pm 1419.0. 4 pm 1420.3. Day's High 1420.3. Day's Low 1395.4. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.97. † Corrected.

HIGHS AND LOWS / S.E. ACTIVITY

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low	INDICES	April 1	Mar. 27
Govt. Secs.	92.55 (1/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	193.8	180.3
Fixed Int.	96.25 (2/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	247.0	278.5
					Value	1,194.6	1,666.4
Ordinary	1419.4 (2/4)	1094.3 (14/1)	1419.4 (2/4/86)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	184.3	192.2
Gold Mines	357.0 (27/1)	257.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	257.9	274.9
					Value	1,625.1	1,677.4

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (256)

[illegible]

NEW LOWS (23)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	87	11
Corpns., Dom. and Foreign Bonds	—	15	34
Industrials	442	233	922
Fin. and Props.	169	79	321
Oils	29	29	54
Plantations	4	1	10
Mines	32	37	112
Others	14	104	76
Totals	712	581	1,457

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed April 2 1986 — Tues Apr 1 — Thurs Mar 27 — Wed Mar 26 — Year ago (approx.)

[illegible]

FIXED INTEREST

[illegible]

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Amstrad	450	+22
Assoc. Brit. Ports	625	+65
Courtaulds	313	+14
Fisons	618	+25
GUS "A"	£10½	+0¼
[illegible]		

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Cable & Wire.	31	735	+45
Pilkington Brs.	21	470	+28
BAT Industries	19	403xd	+7½
Utd. Nwspprs.	19	355	+32
Assoc. Br. Pts.	17	560	+40
[illegible]			

EUROPEAN OPTIONS EXCHANGE

[illegible]

LONDON TRADED OPTIONS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

April 2	Price Sch%	+ or −
Credit'nst'lt pp *	2,300	......
Goesser *	3,300	+50
Interunfall *	13,450	−50
Jungbunzlauer *	18,500	......
Laenderbank *	2,100	......
Perlmooser	680	−10
Steyr Daimler	164	+1
Veitscher Mag *	9,570	+10

BELGIUM/LUXEMBOURG

April 2	Price Frs.	+ or −
B.B.L.	2,850	+10
Banq. Gen. Lux.	13,100	......
Banq. Int.A.Lux.	13,900	......
Bekaert	14,500	+1,200
Ciment CBR	4,200	......
Cockerill	162	......
Delhaize	10,625	−25
EBES	4,690	+30
Electrobel	16,000	+550
Fabrique Nat.	2,370	+120
GB Inno BM	7,350	+200
GBL (Brux)	3,150	+35
Generale Bank	6,630	+230
Gevaert	6,480	−130
Hoboken	7,700	+100
Intercom	3,925	−40
Kredietbank	13,975	......
Pan Hldgs	10,550	......
Petrofina	7,170	+50
Royale Belge	24,200	+100
Soc. Gen. Belge	3,270	+25
Sofina	9,780	−70
Solvay	7,920	+40
Stanwick Intl	470	......
Tractionel	6,100	+100
UCB	7,000	−190
Wagons Lits	6,360	......

DENMARK

April 2	Price Knr %	+ or −
Andelsbanken	424	

ITALY

Apr. 2	Price Lira	+ or −
Banca Com'le	26,050	−350
Bastogi-IRBS	740	45
Centrale	4,310	240
C.I.R.	11,989	1
Credito Italiano	3,876	−124
Fiat	12,550	+250
Generali Assicur.	139,000	+7800
Italcementi	67,200	−2700
La Rinascente	1,380	46
Montedison	4,400	−30
Olivetti	18,550	+150
Pirelli Co	8,220	120
Pirelli Spa	6,000	190
Saipem	5,160	−15
Snia BPD	7,380	−105
Toro Assic	46,000	+870

NETHERLANDS

Apr. 2	Price Fls	+ or −
ACF Holding	282.5	+2.3
AEGON	107.4	−0.1
Ahold	84.9	+0.1
AKZO	173.9	+0.1
ABN	596	+2
AMEV	79.3	−0.6
AMRO	108.4	−0.5
Bredero Cert.	212	+2
Bos Kalis Westm.	16.8	−0.6
Buehrmann-Tet.	154	−0.5
Calland Hlgs	22.3	−0.4
Dordtsche Pet'm	183.5	+2
Elsevier-NDU	184.5	−0.5
Fokker	83.4	+0.4
Gist Brocades	287.5	+5.5
Heineken	240	−0.5
Hoogovens	100.4	−1.9
Hunter Doug N/V	63.3	+1
Int Mueller	78	+5.5
KLM	54.1	+0.1
KNP	127.5	−1
Naarden	52.8	−0.6
Nat Ned Cert.	79.4	+0.1
Ned Mid Bank	212.5	−1.5
Nedlloyd	181.8	−0.7
Oce Grinten	461	−1
Ommeren (Van)	30.6	−0.2

NORWAY

April 2	Price Kroner	+ or −
Bergens Bank	145.5	[illegible]
Borregaard	370	[illegible]
Christiania Bank	152	[illegible]
DenNorske Cred	146	[illegible]
Elkem	108	[illegible]
Kosmos	162.5	[illegible]
Kvaerner	145	[illegible]
Norcem	119	[illegible]
Norsk Data	482.5	[illegible]
Norsk Hydro	152	[illegible]
Storebrand	237	[illegible]

SPAIN

April 2	Price Pts %	+ or −
Bco Bilbao	880	[illegible]
Bco Central	650	[illegible]
Bco Exterior	375	[illegible]
Bco Hispano	505	[illegible]
Bco Popular	1025	[illegible]
Bco Santander	750	[illegible]
Bco Vizcaya	1115	[illegible]
Dragados	300	[illegible]
Hidrola	117.2	[illegible]
Iberduero	141	[illegible]
Petroleos	382	[illegible]
Telefonica	180	[illegible]

SWEDEN

April 2	Price Kroner	+ or −
AGA	187	[illegible]
Alfa-Laval B	290	[illegible]
ASEA (Free)	425	[illegible]
Astra (Free)	565	[illegible]
Atlas Copco	230	[illegible]
Cardo (Free)	280	[illegible]
Cellulosa	218	[illegible]
Electrolux B	282	[illegible]
Ericsson B	285	[illegible]
Esselte	500	[illegible]
Mo och Domsjo	237	[illegible]
Pharmacia	241	[illegible]
Saab Scania Free	690	[illegible]
Sandvik	825	[illegible]

CANADA

Total Sales 4,230,852 shares

Indices

	Apr. 2	Apr. 1	Mar. 31	Mar. 28	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1136.6	1131.5	(c)	(c)	1168.8 (25/3)	1010.8 (2/1)
Metals & Minls. (1/1/80)	560.4	567.4	(c)	(c)	602.8 (24/3)	492.5 (2/1)
AUSTRIA						
Credit Bk Aktien (2/1/62)	114.74	114.35	(c)	(c)	126.62 (15/1)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3552.17	3549.89	(c)	(c)	3582.17 (2/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	245.50	(c)	(c)	245.50 (1/4)	214.57 (21/1)
FRANCE						
CAC General (31/12/82)	(u)	(u)	(c)	(c)	354.4 (27/3)	267.8 (2/1)
Ind Tendance (31/12/85)	139.2	142.4	(c)	(c)	142.4 (1/4)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	695.57	695.44	(c)	(c)	716.76 (15/1)	618.34 (27/2)
Commerzbank (1/12/53)	2107.1	2105.9	(c)	(c)	2161.8 (15/1)	1863.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1603.27	(c)	(c)	(c)	1826.84 (8/1)	1559.94 (19/3)
ITALY						
Banca Comm Ital. (1972)	732.92	732.85	(c)	712.75	732.92 (2/4)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	15565.5	15745.9	15859.7	15364.3	15859.7 (31/3)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1243.95	1260.13	1265.93	1228.88	1265.93 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	267.3	267.2	(c)	(c)	267.3 (2/4)	240.4 (3/3)
ANP.CBS Indust (1970)	253.4	253.6	(c)	(c)	255.3 (17/1)	234.0 (5/3)
NORWAY						
Oslo SE (4/1/83)	352.17	353.08	(c)	(c)	402.91 (16/1)	341.35 (11/3)
SINGAPORE						
Straits Times (30/12/66)	597.41	594.27	598.02	(c)	644.89 (8/1)	569.68 (19/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1188.7	(c)	(c)	1307.9 (27/1)	1168.7 (18/2)
JSE Indust (28/9/78)	—	1149.8	(c)	(c)	1205.1 (20/3)	1069.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	(c)	162.24	159.97	(c)	162.56 (1/4)	100.83 (3/1)
SWEDEN						
Jacobson & P (31/12/85)	2081.09	2098.57	(c)	(c)	2102.28 (1/4)	1729.57 (29/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	591.40	585.1	(c)	(c)	626.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	307.5	306.6	—	309.6 (31/3)	249.8 (25/1)

** Saturday March 29: Japan Nikkei 15,590.9. TSE 1,240.08.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK

Advances 560 Declines 995

TORONTO	April 2	April 1	March 27	March 26	1985/86 High	1985/86 Low
Metals & Minls	2,275.1*	2,289.8	—	2,353.28	2,442.85 (21/3/86)	1740.82 (31/10/85)
Composite	3,015.6*	3,028.7	3,036.6	3,024.38	3,055.3 (21/3/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,564.31*	1,578.84	1,564.58	1,565.62	1,583.36 (21/3/86)	1,289.49 (4/1/85)

* Indicates pre-close figure

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Abaco Invs.	45	+ 5
Amstrad	450	+ 22
Ass Br. Foods	358	+ 12
Ass Br. Ports	625	+ 65
BOC	376	+ 11
Brit Sec'y.	118	+ 11
Brit Dredging	84	+ 13
Britoil	178	+ 8
Carless Capel	61	+ 6
Courtaulds	313	+ 14
Dixons Group	370	+ 16
Executex Cl	112	+ 17
GUS A	£10½	+ ¼
GRE	878	+ 28
I. C. Gas	390	+ 20
Marks & S	225	+ 7
Morgan Cru	261	+ 13
Reg Props.	545	+ 35
Scot. Herit	154	+ 10
Silkolene	157	+ 10
Stylo	273	+ 18
Sun Alliance	716	+ 29
Tomkins (FH)	283	+ 25
Vickers	513	+ 20
Ward White	322	+ 22
Weir	121	+ 9
Williams Hldg.	671	+ 61

FALLS

Tr 12¼% '03/05	£131⅛	− ⅜
Tr 2½% I.L. '09	£96½	− ¼
Geevor Tin	45	− 8

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 41

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
43⅝	27¾	AGnCp	1.12	2.7	12	2279	41½	40⅝	41	-¾
22¾	10¼	AGnI	wt			489	21½	21⅛	21⅜	-⅜
56¾	53	AGnI	pfA5.42e	10		12	53½	53⅜	53½	-¼
86¼	55	AGn	pfD2.64	3.2		56	82¼	81½	81½	-2½
44⅛	30	AHerit	1.20	2.8	16	9	42½	42⅛	42⅛	-⅞
13⅝	8¼	AHoist				67	10⅛	9¾	10⅛	
25	19½	AHoist	pf1.95	6.0		100	24½	24⅜	24½	
80	54¼	AHome	3.10	4.0	17	2216	78½	78¼	78⅝	
121¾	81⅞	Amrtch	7.08	5.9	11	752	119⅝	119½	119⅞	
141	69½	AmGrp	.44	.3	24	1137	132⅛	131⅛	131¼	-1⅝
28⅝	16	AMI	.72	3.4	70	2600	21⅛	20¾	21	
5	2¼	AmMot				1366	4⅝	4½	4⅝	+⅛
22¾	13⅞	APresds	.50	2.2	12	564	u22⅞	21⅝	22⅞	+1
13½	5	ASLFla				112	11⅝	11½	11½	-⅛
20¾	12¼	ASLFl	pf2.19	11		37	19⅞	19¾	19¾	-⅛
15⅝	9⅞	AShip	.80	6.9	9	60	11¾	11½	11⅝	-⅛
46⅞	26¾	AmStd	1.60	3.6	79	930	44⅝	43	44⅝	-1⅛
68¼	49⅝	AmStor	.84	1.4	15	364	60	59½	59⅝	-⅝
78	59½	AStr	pfA4.38	6.2		27	71½	70½	71	
61½	54¼	AStr	pfB6.80	11		7	59⅞	59⅞	59⅞	+⅛
25⅝	19⅞	AT&T	1.20	5.4	16	14239	22⅞	21¾	22⅞	+⅛
50	35¼	AT&T	pf3.64	7.4		572	49¼	49⅛	49⅛	-⅛
50½	36	AT&T	pf3.74	7.5		767	50⅛	50	50	-¼
34½	21¾	AmWtr	1.12	3.3	11	92	34	33¼	34	+¼
86	57½	AWat	pf1.43	1.7		2120	85¼	85½	85¼	-¾
14	11	AWat	pf1.25	9.3		z200	13½	13½	13½	+⅜
15	11¼	AWa	5pf1.25	8.6		z100	14½	14½	14½	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
72¼	42⅞	Xerox	3	4.6	15	3451	65½	64¾	65⅜	+⅜
57⅞	50	Xerox pf5.45		9.6		10	57	57	57	+¼
37	25	ZaleCp 1.32		3.9	13	137	34¼	34	34⅞	−⅛
15½	3¼	Zapata .03j				785	4⅛	3⅞	4	
74½	40¼	Zayre s .48		.7	22	1195	73⅜	72	72½	−1¼
26¼	16¼	ZenithE				1147	24½	24	24¼	−¼
36	12⅝	ZenLbs .10i		.3	22	1298	32¾	31⅛	32¾	+½
22⅜	13¾	Zero s				35	19⅝	19⅜	19⅝	−¼
45¾	26¾	Zurnln 1.32		3.2	15	136	42¾	41½	41½	−1½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Depression eases late in session

THE QUESTION mark hanging over world oil prices again depressed US financial markets yesterday, *writes Terry Byland in New York.*

In both the stock and fixed-interest sectors, investors shied away from the threat of a reversal of the slide in oil prices which has fuelled Wall Street's upsurge during the past three months.

Treasury bonds and stock prices opened lower but steadied at mid-session.

At the close the Dow Jones industrial average was 5.15 up at 1,795.26.

Wall Street is divided on the outlook for world oil prices, which have played a strong role in the boom in US securities markets. Many analysts still urge that the oil-producing nations will be unable to lift oil prices, but others are more cautious, awaiting news from the Middle East, where US Vice President George Bush will discuss price stabilisation with the Saudis.

Oils strengthened, but airlines made little response to the hint that the slide in fuel costs may be over. Major banking stocks, where energy portfolios are already a serious problem, were still weak.

Citicorp was again a notable casualty among banks, falling $1¼ to $49⅞ in thin trading. J. P. Morgan gave up another $1⅛ to $75⅝, Bankers Trust $⅜ to $45 and Chase Manhattan $⅝ to $44⅞. Among the thrifts, now facing serious mortgage lapses across the US energy industry states, Financial Corp of America, the largest home finance lender, shed a further $⅛ to $14½.

Depressing major stock market indices was a fall of $1½ to $82¼ in General Motors, which is making a further substantial reduction in production as industry sales continue to fall. But other car stocks continued to move up, hoping that sales will recover soon without serious harm to this year's profits at the Detroit car makers. Ford jumped $2⅛ to $82⅞ in brisk trading and Chrysler $1⅛ to $43½.

The rally in stocks was led by the technology sector, where IBM edged up $⅜ to $149½ after rallying in heavy turnover from an early fall. Also firm were Honeywell, up $1¼ at $73¾, and Burroughs, up $⅜ at $64½. However, Digital Equipment eased $¼ to $153¼.

There was an upswing in leading Japanese equities traded in New York in response to strong gains in the stocks in their home markets. Honda gained $1⅞ to $62⅝, Matsushita $2⅜ at $82⅞ and Hitachi $1⅝ at $46⅝.

In oils Chevron gained $1⅛ to $37⅞ after concluding the sale of its Italian operations. Exxon added $⅞ to $56 and Mobil $1 to $29⅛, the latter in heavy trading. Ashland, however, lay dormant at $49¾ as the Belzberg offer faded from sight.

A rise in the dollar cut into the pharmaceuticals sector. Merck, a constituent of the Dow average, fell $1⅝ to $174¼. Syntex at $53¾ lost $2¼.

Chemical issues, however, were narrowly mixed, with Union Carbide shedding $⅛ to $20⅞ and Monsanto $¼ easier at $60. The steadiness in this sector, traded by the major institutions, suggested confidence in a continuing weakness in oil prices, a major feedstock cost to the industry.

Stock in the Wall Street brokerage houses softened as investors pondered the outlook for the financial markets in which the sector's profits are based. Merrill Lynch at $39¾ shaded $½ on hints that a senior executive in the capital markets division may depart. Phibro Salomon Bros (now renamed Salomon Bros) eased $¼ to $54⅛.

In a weak retail sector May Department Stores fell $1½ to $75 while Toys R Us, the speciality store chain, gave up $1 of recent strength to stand at $42¼.

Bond prices tried to rally after the Fed resurrected hopes of an easing in credit policy by making a further $2bn in customer repurchase arrangements, bringing the total to $7bn in less than a week.

But, lacking a recovery in the bond futures contract, the key long bond remained more than half a point down. Despite the Fed's intervention, short-term rates edged higher, but this reflected little more than the technical factors involved in the banking settlement.

TOKYO

Profit-taking prompts steep decline

PROFIT-TAKING hit a wide range of stocks in Tokyo yesterday, and the Nikkei average suffered its steepest decline this year, *writes Shigeo Nishiwaki of Jiji Press.*

Amid the general downtrend, blue-chip electricals and precision instruments firmed.

The index of 225 select issues plummeted 190.36 to 15,555.51, with volume shrinking from 1,467.15m shares on Tuesday to 825.18m. Losses outpaced gains 509 to 367, and 80 issues remained unchanged.

Investors, who had already become cautious as the market indicator soared by more than 2,200 points during March, were prompted to sell in small lots.

Nippon Yusen, which had been popular as an asset-heavy stock, continued to fall, losing Y28 to Y467 under massive selling. Misubishi Estate plunged Y120 to Y2,010 and Nippon Express Y51 to Y844.

Utilities went down, with Tokyo Gas dropping Y27 to Y415 and Tokyo Electric Power finishing Y120 down at Y3,820. Low-priced large-capital issues such as Nippon Steel lost Y4 at Y177, and Misubishi Heavy Industries dropped Y18 to Y408.

Sumitomo Bank, which attracted speculative buying in the previous session, plunged Y130 to Y2,100 and Nomura Securities Y100 to Y1,980. Tokio Marine and Fire closed at Y1,270, off Y80. Among constructions Ohbayashi finished Y24 lower at Y585 while Kajima went down Y21 to Y785.

Biotechnologies also suffered. Takeda Chemical and Sankyo dropped Y40 to Y1,560 and Y70 to Y1,500, respectively.

Most blue chips advanced, however, reflecting the slowing of the yen's appreciation against the dollar. Toshiba, the third busiest stock with 25.88m shares changing hands, added Y2 to Y420, Hitachi Y24 to Y829 and NEC Y30 to Y1,400. Olympus jumped Y70 to Y1,070.

Market observers said investors had shifted their targets to blue chips only temporarily because major issues, benefiting from domestic demand stimulation, were losing ground.

As the market began to show wild movements, investor interest shifted to volatile stocks. Among them was Nihon Cement, which spurted Y43 to Y560 on the heaviest trading of 33.99m shares. Biotechnology-related Asahi Chemical came in second with 26.15m shares, advancing Y17 to Y882.

Elsewhere, Kimmon Manufacturing scored a daily limit increase of Y101 to Y1,080 while Renown finished at Y814, rising Y50.

On the bond market massive selling was unleashed by the rally in the crude oil price to over $10 a barrel and the plunge in the 30-year US Treasury bond following its recent upsurge. But buying increased later, bringing firmer prices.

The yield on the barometer 6.2 per cent government bond maturing in July 1995 soared from Tuesday's 4.590 per cent to 4.625 per cent at one stage but recovered as buying increased, ending at 4.575 per cent. Dealers and institutional investors are paying much attention to the large unloading of bonds by a leading brokerage house which has continued since the middle of last week.

SINGAPORE

BUYING among special situation stocks, especially Malaysian, helped Singapore higher yesterday.

The Straits Times industrial index put on 3.14 to 597.41 as turnover rose to 13.7m shares from 8.1m the previous session.

Pegi, the most active issue, gained 5.5 cents to 55.5 cents on rumours that its chairman Abdul Ghafar Baba may be named Deputy Prime Minister of Malaysia in elections expected in May.

Rises of 10 cents were seen in Singapore Press at S$5.80 and in MBF Holdings at S$1.54 while Singapore Airlines lost 5 cents to S$6.50.

EUROPE

Peaks amid moves to consolidate

INVESTORS paused for breath in Europe yesterday after Tuesday's flourish and settled down to consolidate their gains.

Most bourses ended the day mixed to marginally higher – but the exceptions were again **Brussels** and Stockholm, which jumped to new peaks.

The Belgian Stock Exchange index closed 32.28 higher at a record 3,582.17, helped on its way by renewed foreign interest. However, the rise was not as broadly based as on Tuesday, with some of that session's leading gainers ending the day lower.

Utilities went against the rising trend, including Intercom which slipped BFr 40 to BFr 3,925. However, EBES gained BFr 30 to BFr 4,690.

Holding companies were again strong with Société Générale de Belgique adding BFr 20 to BFr 3,270 and GBL BFr 35 to BFr 3,150.

Sofina, one of Tuesday's strongest gainers, shed BFr 70 to BFr 9,780.

Wiremaker Bekaert soared BFr 1,200 to BFr 14,500, bringing its total increase for the two sessions to BFr 2,400, amid rumours that it might be quoted in New York.

Oil company Petrofina, the country's largest industrial group, shrugged off oil worries as the price showed signs of stabilising and added BFr 50 to BFr 7,170.

The sparkle went out of **Frankfurt** partly in response to a dull session on Wall Street. The Commerzbank index showed a marginal gain of 1.2 to 2,107.1.

Banks were again the best performers riding on the back of good profit forecasts for 1985 and the stronger dollar. Dresdner added DM 3.50 to DM 448 ex rights, Deutsche DM 12 to DM 862 and Commerzbank 80 Pfg to DM 328.50.

Hopes that lower oil prices would boost demand for cars lifted VW DM 8.80 to a peak of DM 599 and Daimler DM 3 to DM 1,331. However, BMW continued to trail and lost DM 8 to DM 542.

Among chemicals BASF fell DM 4.80 to DM 316.70 on a slowdown in fourth-quarter earnings despite record pre-tax profits for the year. In sympathy Hoechst slipped DM 4 to DM 312 and Bayer DM 1 to DM 344.50.

Retailer Kaufhof, which plans a 50 per cent rise in fixed-asset investment this year, lost DM 1 to DM 465. Elsewhere in the sector, Karstadt was down DM 2.50 to DM 388.50.

Engineerings ended the day mixed while electricals were generally firmer.

Share and bond turnover on the bourse reached a record DM 94.8bn in the first quarter this year, compared with DM 40bn in the same period a year ago. March turnover was up 14 per cent to DM 31.1bn over February.

In the bond market prices eased by up to 30 basis points on some profit-taking following two consecutive sessions of good gains.

The Bundesbank bought DM 40.6m worth of paper after selling DM 66.50 yesterday.

In **Amsterdam** a late rally helped flagging prices to clamber up from their worst levels leaving the ANP-CBS General index with a fractional gain of 0.1 to 267.3.

Royal Dutch, which fell on Tuesday on worries over the oil price, managed a Fl 8.90 rise to Fl 192.30 as the crude market stabilised.

Banks were generally easier with NMB Fl 1.50 down at Fl 212.50, but ABN, which helped lead Tuesday's rise, again climbed adding Fl 2 to Fl 596.

Elsewhere, small gains were registered by Unilever, which added 30 cents to Fl 421.30, and KLM 10 cents, up to Fl 54.10.

Bonds closed slightly lower where changed.

Institutional investors returned to **Zurich** encouraged by a number of factors including the oil price and the firmer dollar.

Banks were again in demand with Swiss Bank bearer shares rising SFr 12 for the second consecutive session to SFr 612 and Bank Baer soaring SFr 350 to SFr 15,950.

Elsewhere transports, insurances and holding companies were firmer while industrials showed small gains and financials were mixed.

Bonds closed mixed with a firmer bias.

Stockholm was marginally higher at a record, although blue chips went against the trend as profit-taking set in.

Active shares included Volvo, which lost SKr 5 to SKr 349, Electrolux which closed SKr 2 down at SKr 282, and SCA which was unchanged at SKr 298.

Profit-taking pulled **Paris** lower, ending a climb which has lasted for nine consecutive sessions, as worries surfaced following falls on Wall Street.

Rosebush-to-champagne group Moët-Hennessy went against the trend adding FFr 78 to FFr 2,338 on news that it had bought a stake in the Luxembourg parent company of broadcasting group RTL.

Milan closed mixed although Mediobanca added L3,750 to L224,950 on increased half-year profits. **Madrid** ended the session lower led by utilities while in **Oslo** oil shares showed gains on hopes that a planned strike by North Sea workers would help meet Opec's demand for a cut in production and boost prices.

LONDON

FRESH RECORDS were reached in London yesterday as the FT Ordinary share index hit 1,702.9, up 18.9, and its sister index the FT-SE 100 rose 17.2 to a peak 1,419.4.

Insurer GRE rose 28p to 878p despite making large provisions, and Britoil gained 8p to 178p as the oil price stabilised.

Williams Holdings, which is to buy Fairey Engineerings, added 61p to 671p, and Associated British Ports leapt 65p to 625p. Gilts succumbed to profit-taking.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36-37

HONG KONG

A SHARPLY lower trend was evident in Hong Kong as trading resumed after the Easter break on the colony's new unified stock exchange.

The Hang Seng index, which had dropped 24 points by mid-morning, ended 22.67 off at 1,603.27.

Traders reacted to last Thursday's 1 per cent rise to 8 per cent in the prime rate, and sentiment was also dampened by news that Union Bank had been ordered to relinquish managerial control to adviser Jardine Fleming.

AUSTRALIA

FIRMER industrial and banking issues injected a higher tone into Sydney yesterday, and the All Ordinaries rose 4.5 to 1,136.0.

TNT, a transport group which is expected to benefit from lower oil prices, added 13 cents to A$3.75 while Brambles gained 10 cents to A$6.20.

BHP closed up 8 cents at A$6.36, and Bell Resources was steady at A$4.90 while its parent, Bell Group, dropped 4 cents to A$7.40.

SOUTH AFRICA

AFTER TUESDAY'S heavy losses, golds turned firmer in Johannesburg, dragging other shares higher.

Southvaal added R4.50 to R112.50, Driefontein put on R1.50 to R53.50 and Elandsrand rose R1 to R19.50. Kinross, however, remained lower, off R2 at R44.

Among mining financials Anglo American added R1 to R43.50, and Gold Fields gained 75 cents to R35.50. Among miners diamond share De Beers rose 15 cents to R23.35.

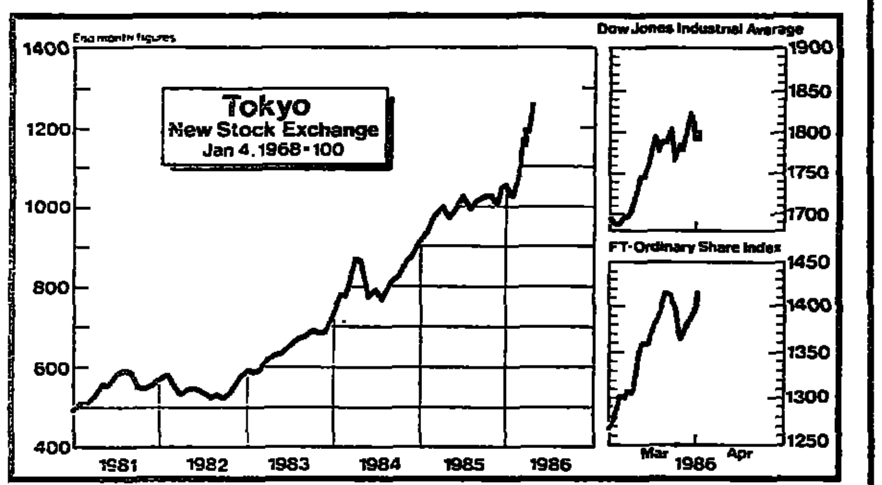
CANADA

INDUSTRIAL and miners faded in Toronto, mirroring the lower trend on Wall Street.

Hiram Walker, topping the actives, edged C$⅛ higher to C$35¼, and the exchange confirmed that Gulf Canada's bid had been postponed. Gulf Canada traded C$⅛ higher at C$16⅛.

Prices in Montreal were lower across the board.

MARKET MONITORS



STOCK MARKET INDICES

	April 2	Previous	Year ago
NEW YORK			
DJ Industrials	1,795.26	1,790.11	1,265.68
DJ Transport	813.67	813.05	599.20
DJ Utilities	191.27	191.32	154.54
S&P Composite	235.71	235.14	180.53
LONDON			
FT Ord	1,419.4	1,402.2	956.5
FT-SE 100	1,702.9	1,684.0	1,286.8
FT-A All-share	825.00	818.22	615.51
FT-A 500	909.14	901.13	673.11
FT Gold mines	282.6	279.9	514.4
FT-A Long gilt	8.95	8.92	10.56
TOKYO			
Nikkei	15,555.51	15,745.87	12,629.90
Tokyo SE	1,243.90	1,260.10	997.01
AUSTRALIA			
All Ord.	1,136.0	1,131.5	828.9
Metals & Mins	560.4	567.4	524.6
AUSTRIA			
Credit Aktien	114.74	114.35	74.25
BELGIUM			
Belgian SE	3,582.17	3,549.89	2,261.49
CANADA			
Toronto			
Metals & Minls	2,294.3	2,289.8	2,049.0
Composite	3,029.9	3,028.7	2,614.9
Montreal			
Portfolio	1,571.36	1,570.84	129.45
DENMARK			
SE	n/a	243.5	183.05
FRANCE			
CAC Gen	n/a	354.4	213.3
Ind. Tendance	139.2	142.4	75.6
WEST GERMANY			
FAZ-Aktien	695.57	695.44	413.11
Commerzbank	2,107.1	2,105.9	1,195.0
HONG KONG			
Hang Seng	1,603.27	1,625.94	1,430.36
ITALY			
Banca Comm.	732.92	732.85	264.66
NETHERLANDS			
ANP-CBS Gen	267.3	267.2	204.4
ANP-CBS Ind	253.4	253.6	165.7
NORWAY			
Oslo SE	352.17	353.08	311.63
SINGAPORE			
Straits Times	597.41	594.27	811.68
SOUTH AFRICA			
JSE Golds	–	1,188.7	1,054.1
JSE Industrials	–	1,149.4	897.0
SPAIN			
Madrid SE	162.24	162.56	82.77
SWEDEN			
J & P	2,098.57	2,102.28	1,386.36
SWITZERLAND			
Swiss Bank Ind	595.1	593.8	417.6
WORLD	April 1	Prev	Year ago
MS Capital Int'l	307.9	309.6	203.0

COMMODITIES

(London)	April 2	Prev
Silver (spot fixing)	347.65p	354.15p
Copper (cash)	£965.50	£974.50
Coffee (May)	£2,387.50	£2,406.00
Oil (Brent blend)	$10.70	$10.25

GOLD (per ounce)

	April 2	Prev
London	$335.50	$328.75
Zürich	$336.55	$331.75
Paris (fixing)	$337.84	$336.76
Luxembourg	$335.20	$334.70
New York (June)	$339.6*	$337.65

CURRENCIES

	US DOLLAR		STERLING	
(London)	April 2	Previous	April 2	Previous
$	–	–	1.4715	1.4715
DM	2.375	2.335	3.495	3.435
Yen	179.5	177.9	264.25	261.75
FFr	7.295	7.16	10.735	10.535
SFr	1.9825	1.9475	2.9175	2.865
Guilder	2.6745	2.6305	3.935	3.87
Lira	1,608.5	1,584.0	2,367.0	2,331.0
BFr	48.25	47.7	71.0	70.2
C$	1.3925	1.3915	2.0485	2.071

INTEREST RATES

	April 2	Prev
Euro-currencies (3-month offered rate)		
£	11 7/16	11 7/16
SFr	4 1/16	4⅛
DM	4 9/16	4 9/16
FFr	13¾	13⅞
FT London Interbank fixing (offered rate)		
3-month US$	7 5/16	7 5/16
6-month US$	7 5/16	7 5/16
US Fed Funds	7 1/16*	7 7/16
US 3-month CDs	6.9*	6.8
US 3-month T-bills	6.36*	6.30

US BONDS

Treasury

		April 2 Price	Yield	Prev Price	Yield
7⅞	1988	100 19/32	6.954	100 17/32	6.835
7⅞	1993	101 7/32	7.33	101 7/32	7.15
8⅞	1996	111 29/32	7.451	111 25/32	7.285
9¼	2016	120 15/32	7.512	122 15/32	7.373

Treasury Index

Maturity (years)	Return index	April 2* Day's change	Yield	Day's change
1–30	150.49	−0.79	7.44	+0.08
1–10	142.46	−0.35	7.30	+0.07
1– 3	133.99	−0.07	7.07	+0.04
3– 5	144.27	−0.36	7.46	+0.08
15–30	179.27	−2.35	7.91	+0.14

Source: Merrill Lynch

Corporate	April 2 Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101¾	9.85	101¾	9.85
3⅞ July 1990	89¾	6.70	89¾	6.70
8¾ May 2000	97¾	9.03	98¾	8.90
Xerox				
10⅜ Mar 1993	108½	8.04	108½	8.04
Diamond Shamrock				
10⅜ May 1993	102	10.01	102	10.01
Federated Dept Stores				
10⅜ May 2013	111	9.49	111	9.49
Abbot Lab				
11.80 Feb 2013	111½	10.50	111½	10.50
Alcoa				
12¼ Dec 2012	111¼	10.94	111¼	10.94

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	100–13	101–07	99–31	101–24
US Treasury Bills (IMM) $1m points of 100%				
June	94.00	94.04	93.97	94.06
Certificates of Deposit (IMM) $1m points of 100%				
June	93.29	93.29	93.29	93.35
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.98	93.07	92.97	93.11
20-year Notional Gilt £50,000 32nds of 100%				
June	127–06	127–24	126–18	128–15

* Latest available figures